Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1700	S. Arabia	Rls 6.00
Belgium	BFr 38	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 100
Cyprus	C£0.80	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	L£ 6.00	Sweden	Skr 8.50
Egypt	E£1.00	Luxembourg	LFr 38	Switzerland	SFr 2.00
Finland	Fmk 5.50	Malaysia	Rm 4.75	Taiwan	NT$ 65
France	Fr 8.00	Mexico	Peso 300	Tunisia	Din 0.800
Germany	DM 2.20	Morocco	Dh 6.50	Turkey	L 180
Greece	Dr 60	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	NKr 8.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Honeywell pulls plug on video game supplier, Page 21

NEWS SUMMARY

GENERAL

UK backs down on fees for students

Britain's Conservative Government backed down on plans to require parents to contribute more to the cost of their children's higher education after threats of a large-scale parliamentary rebellion from within its own ranks.

Education Secretary Sir Keith Joseph, who had been seeking a saving of £39m ($47m) on state subsidies to university students, said the proposal would be withdrawn and acknowledged the rise was "too sharp and too sudden." Page 20; Feature, Page 18

U.S. budget cuts

President Ronald Reagan told his Cabinet that the rate of growth in defence spending would have to slow as part of broad-based efforts to reduce the huge U.S. budget deficit. The President tentatively approved $33bn of cuts in non-defence spending for the 1986 financial year. Page 4

Malta-Libya pact

Malta's parliament approved a friendship and co-operation treaty with Libya, providing for Libyan military support if the Mediterranean island should be threatened, and Prime Minister Dom Mintoff announced that a neutrality treaty with Italy had ended. Page 2

Hijack jet blocked

Iranian security forces blocked the runway at Tehran airport to prevent a hijacked Kuwaiti Airbus with 98 hostages on board taking off. The Arabic-speaking hijackers told the authorities they had wired the aircraft with explosives.

Taiwan mine disaster

Over 90 miners were trapped 2,500 metres underground in Taiwan's third serious mining disaster in six months. Rescuers, who were hampered by high concentrations of methane gas, feared that few of the trapped men would emerge alive. Page 3

Rogers reappointed

General Bernard Rogers, 63, was reappointed Nato's Supreme Allied Commander in Europe for two more years. He succeeded Gen Alexander Haig in 1979.

Nato defence plan

Nato Defence Ministers called for a more coherent plan to improve conventional defences. Page 2

Mobutu sworn in

Zaire's President Mobutu Sese Seko, 53, was sworn in for a third seven-year term.

Bangladesh strike

Main opposition parties in Bangladesh said they would hold a national strike and encourage civil disobedience in a new campaign against the military government of President Hossain Mohammed Ershad.

Nitze arms role

U.S. President Ronald Reagan named veteran arms negotiator Paul Nitze as advisor to Secretary of State George Shultz at a two-day meeting with Soviet Foreign Minister Andrei Gromyko on nuclear arms control next month.

Eta arrests

Spanish police arrested eight members of the Basque separatist guerrilla group Eta and seized guns, ammunition and explosives.

Radical rondo

Members of Italy's Radical Party will march round the lower house of parliament for 11 hours each day for a week to press for approval of a foreign aid bill.

BUSINESS

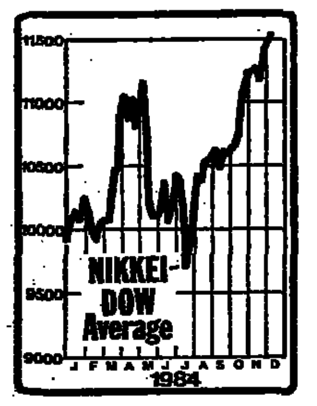
Coastal to close Antwerp refinery

COASTAL CORPORATION, Houston-based energy group, is to close its Antwerp refinery in further evidence that the European industry faces a new round of closures. Page 21

DOLLAR improved in London, rising to DM 3.0785 (DM 3.059), FFr 9.42 (FFr 9.37), SwFr 2.545 (SwFr 2.5325) and Y246.75 (Y246.4). On Bank of England figures, the dollar's exchange-rate index rose to 142.4 from 142.2. Page 41

STERLING lost 15 points against the dollar in London to $1.208. It rose however, to DM 3.72 (DM 3.7), FFr 11.39 (FFr 11.3325), SwFr 3.08 (SwFr 3.0625) and Y298.25 (Y298.0). The pound's exchange-rate index closed unchanged at 74.7. Page 41

GOLD was $1.25 lower on the London bullion market at $330.75. It also lost ground in Zurich to $330.75. In New York, the Comex December settlement was $330.10. Page 40



TOKYO shares prices faltered after four successive record highs as the Nikkei-Dow market average fell 34.25 to 11,543.19. Section III

LONDON equities turned dull after the British Telecom issue although gilts managed isolated gains. The FT Industrial Ordinary index fell 2.6 to 914.9. Section III

WALL STREET: The Dow Jones industrial average closed 13.58 down at 1,171.49. Section III

WEST GERMAN gross national product rose by 2.8 per cent in the third quarter, providing further proof that the economic recovery is back on course after the long metal-workers' strike. Page 2

DEUTSCHE BANK, West Germany's biggest commercial bank, warned the centre-right Government of Chancellor Helmut Kohl not to lose its sense of direction because of "short-term tactical considerations." Page 2

HUNGARY is confident of servicing its 1985 foreign debt repayments, even without IMF standby credit. Page 2

CZECHOSLOVAKIA forecasts 3.2 per cent growth in national income next year.

BRITISH coal board chief Ian MacGregor welcomed suggestions that the country's state-owned pits should be sold to the private sector. Page 5

SEAGRAM, the world's largest distiller, lifted third-quarter net income from $100.9m to $102.7m after a sharp increase in contributions from Du Pont of the U.S. Page 21

TOSHIBA CORPORATION, the Japanese electrical and electronics manufacturer, boosted earnings 60 per cent in the six months to September. Page 21

ACORN, one of Britain's leading home computer makers, withdrew from the U.S. market because of poor sales. Page 20

GULF & WESTERN, the New York-based conglomerate, has lifted net earnings from continuing operations from $51m to $58m during the first quarter. Page 21

UK reviews oil price policy after trading losses

BY IAN HARGREAVES AND DOMINIC LAWSON IN LONDON

A REVIEW of Britain's method of setting the price of North Sea oil is under way, in response to recent heavy trading losses by the British National Oil Corporation (BNOC) and fears about criticism of UK influence on oil pricing generally.

Two simultaneous exercises are in progress in Whitehall – a systematic and detailed examination of the question by the Department of Energy and a more wide-ranging and informal inquiry conducted from the Prime Minister's office.

The moves come against the background of a complex and rapidly changing oil market, in which BNOC, the UK Government's oil trading and price-setting arm, and Statoil, the Norwegian state oil company, are both being obliged to move further away from conventional arrangements involving long-term contracts at published official prices.

Statoil said yesterday that its contract price for December sales would be "fair and competitive" with the UK price.

That ad hoc approach is designed to give Statoil increased flexibility of contract prices, pegged in effect to spot market rates, and to shield Norway from appearing to take any lead in official oil price cuts. Previously, Statoil has stated a monthly contract price in advance.

A similar process has been under way, less publicly, within BNOC, which is selling increasing quantities of crude at spot prices rather than higher contract prices.

Yesterday, shipments of Brent, the North Sea marker crude, were quoted on the spot market at $27.30 a barrel, compared with the official BNOC price of $28.65. The gap between the two prices has caused heavy trading losses at BNOC. A £45m ($54m) government subsidy might be exhausted by the end of this month – three months earlier than expected.

Some big oil companies say that BNOC has in effect been forced by the weak market to abandon its strict adherence to a purely quarterly pricing system in favour of monthly reviews. They add that the prices at which BNOC is selling some oil to contract customers are open to active negotiation – a potentially crucial crack in BNOC's price-setting armoury.

Faced with heavy BNOC losses and the possible need for a further subsidy early next year, the UK Department of Energy has been seeking opinions from some oil companies on ways in which BNOC could be changed.

Among the options being debated are:

● A shift from quarterly contract pricing to monthly prices set according to some spot-market-based formula.

● A reduction in the amount of crude handled by BNOC, possibly by the Government in future taking its 12.5 per cent royalty on North Sea production in the form of cash rather than oil.

● Changes in the tax arrangements on North Sea crude trading, which would be designed to prevent companies from selling their own oil in to the spot market and buying the same volume back to reduce tax liabilities.

GM pulls the plug on U.S. diesel car, Page 4

Union Carbide may face big Indian claim

BY K. K. SHARMA IN NEW DELHI AND OUR NEW YORK STAFF

UNION CARBIDE might be asked to pay hundreds of millions of dollars in compensation because of the poisonous gas leak tragedy in the central Indian city of Bhopal, where well over a thousand people are thought to have died, mostly children and old people.

Mr Vasant Sathe, the Indian Minister for Chemicals, said during a visit to Bhopal yesterday that he expected Union Carbide to provide financial compensation according to U.S. legal standards.

Mr Sathe said: "I expect Union Carbide to behave in the same manner as it would have if this accident had taken place in the U.S. It should pay the same quantum of compensation." There should be "adequate compensation," he said.

Mr Harish Mahindra, chairman of Union Carbide India, has promised to help the victims of the tragedy but has not specified any figure or formula. In Bombay, Mr P. K. Akerkar, a company spokesman, was quoted by the Associated Press news agency as saying that Union Carbide was negotiating with the Indian authorities on the question of compensation but that he declined to say if the Indian Government had requested payment.

Responding to allegations in the Indian Express newspaper that the Bhopal plant had suffered four previous accidents, involving one death and 30 injuries since 1981, a spokesman at Union Carbide's Connecticut headquarters said that the company was under the impression that its safety record in India was good. It was not aware of any fatalities or accidents, he said.

The spokesman added that the company was still examining the liability aspects of the company's position. The company had some insurance cover for the accident, but it was still not clear exactly how much that cover would provide against any claims that might be made.

The official death toll after the gas escape on Monday from the U.S. multinational's Bhopal pesticides plant was yesterday put at nearly 1,000. Unofficial estimates by doctors and officials at mortuaries and crematoriums were as high as 1,800. Fears were also raised that many of the estimated 50,000 people given medical treatment after the disaster might suffer permanent physical damage, particularly blindness.

As the tragedy became embroiled

Continued on Page 20

China to tune into American culture with CBS

By Terry Dodsworth in New York

BY COURTESY of Columbia Broadcasting System (CBS), the giant U.S. broadcasting group, a unique combination of Americana will be beamed over China's television networks during the next 12 months.

A potential audience of about 240m Chinese will be able to watch a mixture of American football matches (with suitable explanations of these strange, violent rituals), a selection of "wholesome" made-for-television films, a scientific anthology hosted by broadcaster Walter Cronkite, and – the *pièce de la résistance* – advertisements from those champions of capitalism, IBM, Boeing and Procter & Gamble.

Advertising is being sold in 10 blocks of 32 minutes for the whole year, which the buyer can then split up in a variety of ways. CBS expects to sign a fourth advertiser within a few days, and says it is casting its net towards Europe as well, where many companies have shown interest.

The deal is the latest, and possible the oddest, example of the rapidly expanding use of barter in international trade.

CBS is providing the programmes to the China Central Television network free of charge. In return, the Chinese are giving advertising slots on their network to the U.S. group, which CBS can then sell as it wishes in the West. The $3m revenue from the advertisers will be divided between the U.S. network and the Chinese, on the basis of an intricate formula, the basis of which the U.S. side will not divulge.

According to CBS, one-off television shows have been sold to the Chinese before, particularly by the Japanese – they took this year's Los Angeles Olympics. The new contract, though, is the first time that the nationalised network has completed such a big deal. The programmes started this week and will continue for a year in slots of roughly an hour, mostly at prime viewing times in the evenings, or after the highly popular Sunday afternoon English-language teaching show.

The advertisers are somewhat coy about their debut on Chinese television, although those that have signed so far have some business interests in the country. All the commercials are what CBS calls "somewhat special," designed to get the company names better known to the Chinese, and dubbed in Mandarin Chinese just like the programmes themselves.

Continued on Page 20

'Bold' Hong Kong plan, Page 5

Paris limits price rises in bid to curb inflation

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government reaffirmed its faith in a prices and incomes policy yesterday as the main instrument for bringing down inflation with the announcement of more detailed objectives for 1985.

The Cabinet decided at its weekly meeting to hold down increases in public utility tariffs to an average 4.5 per cent next year. With the state-owned Paris Metro (RATP) and Gaz de France both seeking to raise charges above the inflation rate to cover losses, the Government's decision implies a further swelling of some public-sector deficits.

The clampdown on increases in public utility charges came at the insistence of M Laurent Fabius, Prime Minister, who feared that they might prompt fresh wage demands and a rise in inflationary expectations.

He appears to have overruled M Pierre Bérégovoy, Minister for Finance, who with the Bank of France has been warning that the public-sector deficits might stimulate inflationary pressures. The Cabinet's decision also runs counter to remarks this year by President Mitterrand, who spoke in favour of "real pricing" in the public sector.

M Bérégovoy's setback was emphasised by the relatively strong terms in which the Cabinet insisted that price controls would be maintained "while the risk of inflation remains."

M Bérégovoy and his predecessor, M Jacques Delors, had both made a steady relaxation of price controls a main objective in liberalising the economy.

The Government now expects to end this year with a 12-month inflation rate of about 7 per cent – down from 9.3 per cent in 1983 – as against an initial objective of 5 per cent.

The Cabinet yesterday endorsed a norm for wage and price increases of 4.5 per cent. As part of that, it hopes to hold increases in most industrial prices down to 3 per cent.

On wages, the metal industries federation has urged its members to hold increases to an average 4.5 per cent next year. The Government is also committed to allowing no rise in real wages in the public-sector.

M Bérégovoy carried his point on the link between inflation and public-sector deficits to the extent of getting the Cabinet to endorse for the first time a broad statement of the need for controlling deficits and maintaining financial equilibrium. The Treasury is now more closely monitoring France's public-sector borrowing requirement

According to figures disclosed yesterday, France will have a slightly higher public-sector borrowing requirement in 1985 in nominal terms than this year, although it will represent a slightly smaller proportion of GNP. The combined deficit this year for the budget, the local authorities, the social security fund and the nationalised industries will be FFr 196bn ($21bn) or 4.5 per cent of GNP. The deficit will rise next year to FFr 198bn.

France clears way for issue of CDs

BY PAUL BETTS IN PARIS

FRENCH BANKS are to be allowed for the first time to issue certificates of deposit (CDs) in a further move to modernise and inject fresh life into the country's financial and money markets.

The new French CDs will be issued from the beginning of next month in French francs and in foreign currency, M Pierre Bérégovoy, the French Finance and Economy Minister, announced last night.

The French decision to introduce CDs reflects the Socialist Government's efforts to make the domestic markets more flexible and dynamic and move them closer to other leading international financial markets, where such short-term instruments are widely used.

The authorisation of CDs follows a series of initiatives to modernise the French markets, including the decision to set up a futures market for bonds, the issue this week of France's first so-called "zero-coupon" long-term bond by Gaz de France, and an expected Ecu international bond issue in Paris by the European Investment Bank.

The CDs are also designed to revitalise the shorter end of the French capital markets and to integrate better the short and long end of the markets.

The Government penalised the short end of the market soon after coming to power in 1981 by drastically reducing the interest rates payable on large short-term deposits. The object was to steer funds into the long-term bond market, which has seen activity surge in the past two years.

M Bérégovoy said last night that it was crucial that France's financial system and economy was not "cut off in a detrimental way". He added that the time had come to favour "a greater liaison between the financial and monetary market." The Government therefore decided to introduce CDs, which will also be known in France as *certificats de dépôts.*

GEC spends £57m in first large UK share buy-back

BY ALEXANDER NICOLL IN LONDON

GENERAL ELECTRIC Company, Britain's biggest electrical and engineering group, has become the first large British company to buy back its own shares since the ban on such transactions was lifted three years ago.

The group yesterday spent £57m ($68.2m) of its £1.64bn cash balances to buy nearly 1 per cent of its equity through stock market purchases.

The aim of the move, common in the U.S., is to improve the return to shareholders. They lose the benefit resulting from interest payments that would have been due to the company on the cash used for the share purchases.

The fall in the number of shares among which the company's earnings are divided, however, is intended more than to compensate for the lost interest. Earnings per share should consequently rise, depending on tax rates and the company's trading performance, especially if interest rates fall.

The company obtained authorisation from its shareholders in September to use part of its huge cash resources – the result of many years of surplus earnings from high profits – to buy up to 250m of its own shares. That represents 9.1 per cent of the existing total.

Stockbrokers de Zoete & Bevan entered the market on its behalf and bought over 25m shares at 228p each. The initial target for the day was believed to be 40m, but it was not clear whether GEC had decided to supend its purchases.

The purchases, which were the main feature of stock market activity for the day, boosted GEC's shares to close at 230p, 5p up on the day. At that price, the company has a market value of £6.3bn. It is Europe's fourth-largest company ranked by capitalisation and Britain's third largest.

GEC believes that the purchases, as well as being in its view a good investment, are a tax-efficient method of returning money to shareholders.

Because of its cash surplus, GEC is often rumoured as a potential acquirer of other companies, and last summer it engaged in abortive talks with British Aerospace.

The share buy-back would still leave considerable resources available for any acquisitions. The company is allowed to buy up to 10 per cent of its equity in one year, including up to 5 per cent in the open market, and at yesterday's price the maximum annual amount would cost £626m.

Yesterday was the first day on which it was allowed to buy shares, because it had to wait for the publication of its first-half results on Tuesday showing pre-tax profits up 16 per cent on the previous year at £332m.

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CONTENTS

EUROPEAN NEWS

Deutsche Bank warns Kohl to stick to policies

BY JONATHAN CARR IN DUSSELDORF

DEUTSCHE BANK, West Germany's biggest and most prestigious commercial bank, has warned the centre-right Government not to lose its sense of direction because of "short-term, tactical considerations."

The warning from Dr Wilfried Guth, co-spokesman (chairman) of the bank, is one of the sharpest yet made of Chancellor Helmut Kohl's coalition in public from the ranks of private business.

It reflects a growing sense of managerial unease that the Government may be playing into the hands of its opponents—the Social Democrats and the "Greens"—through lack of co-ordination and clear policy lines.

Dr Guth told a press conference he agreed with those who felt the Government was "selling" its considerable economic success at less than full value. But there were other reasons for criticism, too.

The coalition disputes on matters as diverse as atomic power, catalysers for vehicles and tax gave the impression that a common, carefully prepared concept, was lacking.

Dr Guth praised the Government's success in cutting its borrowing. But he stressed that Bonn had to make more clear that "budget consolidation is not an end in itself" but an essential condition for more private initiative and economic growth.

"At present, the real problems of the Federal Republic do not lie in the economic field," Dr Guth declared. "We stand before a major *political* challenge. If we don't face up to it, then naturally there will be negative consequences for the economy."

A similar concern was voiced by the Deutsche's other spokesman, Dr F. Wilhelm Christians, who reviewed the state of the German capital market.

Prospects looked good, he said, so long as "political irritations" in connection with regional elections next spring did not dissuade foreigners from investing in German stocks and bonds.

Results, Page 30

Hungary confident of servicing foreign debt

By David Buchan

HUNGARY IS confident of servicing its 1985 foreign debt repayments, whether or not it gets a standby credit from the International Monetary Fund for a third successive year, Dr Janos Fegete, deputy governor of the Hungarian National Bank said in London yesterday.

He was speaking at a signing ceremony for a $300m loan organised by National Westminster, Orion, Credit Commercial de France, Fuji Bank and Irving Trust Company. The loan brings Hungary's borrowings to more than $2bn this year and includes a tranche of 107m European currency units (Ecus).

This first borrowing by Hungary in Ecus reflected, Dr Fekete said, his belief in the need to diversify reserves away from too great a dominance of any one national currency such as the U.S. dollar.

Commercial bankers have, in general, drawn increasing comfort from the presence of IMF programmes in debtor countries. Dr Fekete indeed yesterday paid tribute to the IMF's role in helping re-establish Hungary on the international capital market since its 1982 liquidity crisis.

But yesterday the deputy bank governor claimed that if the IMF refuses Hungary's request earlier this year for another standby credit programme in 1985-86, it would only be on the ground that its economy was now healthy enough not to need more Fund cash.

An IMF refusal in this context would, he believed, raise rather than lower Hungary's standing in the market, which he said had steadily improved already in 1984.

"We are more cautious than the IMF in our assessments," said Dr Fekete, whose skilful presentations have by all accounts helped his country's case. But he still predicted that Hungary would end 1984 with a $600m to $700m hard currency surplus, a $300m to $400m current account surplus, a net debt of $4bn and reserves of $2bn.

Hungary's current IMF programme, under which it got $450m loan, expires early next month.

W. German GNP picks up

BY RUPERT CORNWELL IN BONN

WEST GERMANY'S gross national product rose by 2.8 per cent in the third quarter of this year compared with the same period of 1983, providing further proof that the economic recovery is well back into its stride.

The latest data from the Federal Statistics Office in Wiesbaden contrast sharply with the second quarter performance, when the prolonged strike in the engineering industry kept the year-on-year advance down to just 0.6 per cent.

Seasonally adjusted moreover, the July-September GNP stood 1 per cent higher than in the first quarter, which was unaffected by the disruption. This bears out the general prediction that expansion in 1984 will reach at least 2.5 per cent.

New indications that the upswing will stretch into 1985 have come with a 1 per cent monthly rise in industrial orders in October, bringing the overall rise in a year to 9.5 per cent. Orders booked from abroad are now running 15 per cent up on 1983, while domestic orders are 6.5 per cent higher.

● West Germany's balance of payment's deficit narrowed to DM 818m (£220m) in October from DM 6.051bn in September, according to figures released by Deutsche Bundesbank yesterday, AP-DJ reports from Frankfurt.

Malta swaps treaty with Italy for one with Libya

BY GODFREY GRIMA IN VALETTA

ITALY'S DEFENCE agreement with Malta is not being renewed for the coming year, Mr Dom Mintoff, the Maltese Prime Minister, told Parliament last night. At the same time the island has concluded a military agreement with Libya.

Mr Mintoff told Parliament the treaty with Italy, combining economic assistance and which has been renewed every year since 1981, had run its course.

The agreement gave Malta an annual grant of $12m for five years, ending in 1984, and a concessionary financial credit of $15m, which, it is believed has been a source of disagreement on how and when this was to be utilised.

The absence of a new arrangement by which Italy guarantees Malta's neutral status seems to highlight the extent to which relations between the two countries have deteriorated as a result of a dispute over countertrade.

Mr Mintoff last night likened the treaty with Libya to that signed with Britain at independence in 1964, but the opposition Nationalist Party headed by Dr Eddie Fenech Adami denounced the accord as humiliating and unacceptable.

Under the terms of the agreement Libya will intervene militarily in case of an eventuality threatening Malta's security. Libya will also train Maltese troops and provide arms.

Italy was the only Western country to pledge its military support for Malta's defence.

Poles face gas cuts next year

By Christopher Bobinski in Warsaw

POLAND IS facing growing shortages of high methane natural gas next year amounting to some 10 per cent of annual needs and affecting 300 major factories in the chemical and metallurgical sectors.

The Government's energy inspectorate estimates that the last quarter of this year and the first three months of 1985 will see cuts in supplies to industry during 70 days. That would be 15 per cent more than in the same period a year ago.

The situation should ease in 1986 when a new pipeline linking the Soviet network with Poland will bring in an extra 1bn cubic metres of natural gas a year.

Nato seeks proposals to improve conventional defences

BY BRIDGET BLOOM IN BRUSSELS

NATO DEFENCE ministers have called for a more coherent plan to improve the Alliance's conventional defences.

Lord Carrington, Nato's new secretary general, has been asked to produce initial proposals by next spring. He appears to have been given a wide remit which would involve the co-ordination of a large number of programmes already under way. These range from the military framework being drawn up for the use of the new high technology weapons to the joint manufacture of armaments.

However, precisely what the defence ministers intend Lord Carrington to produce is unclear, partly because there seems to have been disagreement between the U.S. and its European allies on the issue.

It appears that the U.S. would like a new co-ordinated plan to improve conventional defences which would involve the commitment of new resources from Nato members.

Most European governments, unable so far to meet the 3 per cent target real increase in defence budget set in 1977, are extremely wary of setting any more such goals.

All Nato defence ministers apparently agree that the new momentum in boosting conventional defences should be maintained, if only to reassure U.S. congressional critics that Europe in particular is doing enough in its own defence.

Congressional charges that Nato was failing to provide enough facilities such as airfields and hardened aircraft shelters, to receive U.S. reinforcements in wartime, prompted yesterday's decision by the ministers, to increase the six-year infrastructure fund by 40 per cent in real terms to $7.85bn.

However, most European ministers would now appear to agree with Mr Michael Heseltine that the aim was to improve the use of existing resources. The British defence secretary made it clear after the meeting that Britain had no new resources available were new plans to be produced.

Some European ministers and Nato officials seemed rather suspicious and surprised by the U.S. position here yesterday which apparently had not been on the original agenda, for the defence planning committee meeting.

However, they were at pains to resist suggestions that the so-called conventional defence initiative would be a new point of friction between the U.S. and its allies.

Mr Casper Weinberger the U.S. defence secretary, used the final press conference to announce a new figure of 387 SS20 nuclear missiles, now deployed by the Soviet Union. Mr Weinberger said that construction of new missiles and their bases, have increased marginally over the last year.

The ministers' communiqué welcomed the decision of the Soviet Union and the U.S. to resume arms control talks but said that deployment of the new U.S. cruise and Pershing 2 missiles would go ahead.

Mr Weinberger also announced that General Bernard Rogers' appointment as Commander of the U.S. forces in Europe and Nato Supreme Allied Commander would be extended for a third two-year term next June.

The appointment was welcomed by Lord Carrington who said that the assembled ministers had unanimously approved General Rogers's reappointment. General Rogers has been outspokenly critical of the Nato governments' failure to spend enough on conventional defence and the possibility of his being replaced in June had been rumoured here over the last few weeks.

David Barchard in Ankara and **Andriana Ierodiaconou** in Athens on an Aegean dispute

The Greeks steal a march on the Turks

THE LATEST row between Turkey and Greece in the Aegean has been exercising the minds of Nato defence ministers at their meeting in Brussels this week and is being taken very seriously by Western diplomats in Ankara and Athens.

The row was sparked two weeks ago by Turkish Press reports, later confirmed in Athens, that Greece had committed a brigade and two squadrons of F-5 aircraft deployed on the island of Lemnos to Nato forces in time of war.

By this gambit the Greeks appeared to win Nato sanction for the militarisation of the island. The Turks have long regarded the presence of Greek troops on the Aegean islands as a threat to the security of western Turkey and to the Dardanelles.

Memories of the Greek invasion of May 1919, when troops poured into western Turkey from Izmir, remain a formative national experience among Turks.

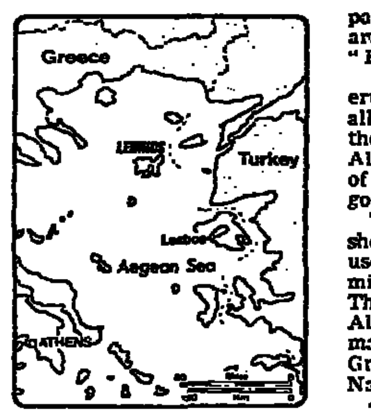
Since the confirmation of the allocation to Nato of the forces on Lemnos, Greek government officials have been keeping an unusual silence in public but in private rub their hands in glee over what they see as their first, significant tactical victory over the Turks within Nato on the Aegean issue.

They are delighted first of all to have drawn Ankara onto the offensive. In the past it has usually been Athens which shouted loudest about Lemnos, accusing Nato of favouring Turkish claims that under the 1923 Treaty of Lausanne, the island should be demilitarised, by excluding it from Alliance exercises in the north Aegean.

The Socialist Government of Mr Andreas Papandreou during its three years in power has adopted a policy of boycotting Nato manoeuvres in the Aegean, until Lemnos was included in the exercise plans.

As a result Greece drew accusations of generating tension with Alliance ranks. By turning the noise-making tables on Turkey, Athens feels it has recovered the advantage. "Now it is clear who is making trouble in Nato," a senior Greek Foreign Ministry official said.

Till recently, Turkey had been content to play the role of the "good boy" in the disputes with Greece inside Nato. It has complained indignantly at the presence of soldiers on the theoretically demilitarised islands of the Dodecanese and eastern Aegean, but it has not tried to pick quarrels.



Mr Turgut Ozal, the Prime Minister, has consistently stressed that he would like a more peaceful approach to relations with Greece, emphasising trade and the "freezing" of intractable issues such as flying rights in the Aegean, minerals rights in the sea bed, and territorial waters.

Late in November, however, Mr Ozal's attitude became notably sharper. In a major speech he denounced Greece as "a small country" and in the view of the Turkish Press, withdrew his earlier olive branch.

Since then the tone of the Press has been much fiercer with one leading daily newspaper running a series of articles on the Aegean islands, "How we gave them away."

Until this most recent dispute erupted, Turkey was content to allow General Bernard Rogers, the Nato commander, and the Alliance to shoulder the burden of acting as peace-maker and go-between behind the scenes.

Turkey's position is that Nato should not allow itself to be used to sanction a shift in the military balance in the Aegean. The fear seems to be that the Alliance might be willing to make a slight gesture towards Greece in order to improve Nato/Greek relations.

The Greeks, indeed, feel that their latest move must succeed in bringing Nato down off the fence on the Lemnes issue—on their side. The Greek view is that the fortification ban on Lemnos was removed by the 1936 Treaty of Montreux, which allowed the militarisation of the Dardanelles.

Western diplomats in Athens say that this interpretation enjoys "considerable sympathy" in Nato capitals. They also admit that the Greeks are in a strong position with regard to their present Lemnos move, in that there is no precedent of the Alliance turning down forces committed by a member country to Nato defence.

"It's a clever move. If anything, the question is why the Greeks didn't think of it before," one diplomat commented.

But they make clear that the Alliance does not relish having to play Solomon between Greece and Turkey on the Lemnos issue. "This is a very sticky problem for (Nato secretary general) Lord Carrington. The Alliance is going to try to find some procedural way out," one diplomat said.

In public Turkey has returned in the last few days to its traditional correctness on the issue. It makes clear that it is anxious to co-operate with Nato officials and the dispute was never intended to be made public (it apparently got into the Turkish papers through a leak).

There for the moment the dispute will probably stay, sealed in behind locked doors at Nato meetings. But the web of legal and defence disputes between Greece and Turkey in the Aegean will continue to preoccupy both countries until such time as governments and publics in both Ankara and Athens can agree on some kind of overall definition of the status quo in the Aegean. Such agreement still seems to be very distant.

Spain stresses successes of Dublin summit

By Tom Burns in Madrid

THE THREATENED Athens veto on EEC enlargement must have prompted Spain's Prime Minister Sr Felipe Gonzalez to wish he had never campaigned in favour of fellow socialist Mr Andreas Papandreou in the Greek elections. Publicly, however, the Madrid government was yesterday determined to look on the bright side: Dublin at least broke the wine lake deadlock.

Officials stressed that the Common Market summit had refired the negotiating process for Spanish entry.

The manner in which agreement had been reached on wine had shown, moreover, that the Ten were willing to be flexible and make sacrifices. "The decision to be reasonable augurs well for our own negotiations," said one official. Greece apart, the EEC was perceived in a more positive role than it had been for years.

Spain has still to close the key negotiating chapters of wine, olive oil, citrus and fishing when enlargement negotiations open again on December 17. Current thinking in the Madrid Government is that a marathon session will get close to establishing common ground.

Sr Gonzalez, himself, foresees a final round of talks in the new year. He estimates that by then the advanced state of the negotiations will simply require a final tough bout of mutual concessions.

Officials stressed that Mr Papandreou's stand in no way interrupted a negotiating process which in any case would now be pursued with renewed vigour.

As a fellow senior member of the Socialist International, Sr Gonzalez has long been acquainted with the Greek Prime Minister and he is more likely to lobby quietly than to openly denounce the veto threat.

EEC to go on with entry talks

BY QUENTIN PEEL IN BRUSSELS

OFFICIALS OF the European Commission and the Irish Presidency of the EEC Council of Ministers insisted yesterday that they will press ahead with negotiations for Spain and Portugal to join the Community, in spite of Greece having placed reservations on the terms to be offered.

The Greek attitude to the enlargement talks was still unclear yesterday following the acrimonious dispute at the two-day summit meeting in Dublin between Mr Andreas Papandreo, the Greek Prime Minister, and his fellow EEC heads of government.

Greek officials insisted that they had not agreed that the negotiations should go on, after the summit finally resolved common positions on the outstanding problems of wine, fish, and agricultural imports, which have been holding up the talks.

The row, precipitated by Greece in an attempt to obtain more money for programmes in Mediterranean regions, blew up again within minutes of the end of the summit on Tuesday night, when the EEC foreign ministers met to endorse the summit decision.

However, with both the Commssion and the Presidency agreed on the outcome of the summit, there does not seem to be anything immediate that Greece can do to stop the negotiations going ahead, probably from next Monday at official level.

Greece has formally placed its rservation on the enlargement terms agreed at the summit, but Dr Garret FitzGerald, the Irish Prime Minister, said after the meeting that the negotiations would go ahead regardless, on an ad referendum basis, meaning that Greeece reserves the right to veto the conclusion if it does not get its desired Mediterranean programmes in the interim.

What Papandreou is demanding

BY IVO DAWNAY IN BRUSSELS

THE Integrated Mediterranean Programmes (IMPs) now threatening to undermine agreement on EEC accession for Spain and Portugal have long lain like dormant volcanoes on the periphery of the Community's political map.

By engineering their eruption at this crucial stage of the talks Mr Andreas Papandreou has found a potent weapon with which to demand more expenditure on the depressed regions of Greece.

In justice, however, it should be noted that the Greek prime minister first linked agreement on IMPs as a condition for enlargement of the Community in March, re-emphasising the point at the Fontainbleau summit in June.

The programmes originally emerged in a Commission policy survey ordered by the Council after Britain's first budget rebate was agreed in 1980. Their objective is to compensate the Mediterranean countries — Italy, Greece and southern France — for the then heavy bias on farm spending towards northern EEC farmers and to prepare them for the impact of Spanish and Portuguese accession.

The beneficiaries are intended primarily to be the farming and fishing communities and their dependents, with the bulk of funds aimed at restructuring production and job creation through tourism, small enterprises and crafts.

The Commission proposal envisaged an Ecu 6.63bn (£3.91m) budget over six years — about 38 per cent for Greece, 44.5 per cent for Italy and the remainder for France. The northern states immediately dismissed the figure as totally unrealistic and questioned why money could not be found from existing regional, social and farm budgets.

But the row then died down, while Commission officials revised the plan after consultations with Parliament, only returning without substantial amendments to the Ten's ambassadors last month.

Here, again, the figures, were contested with both Britain and West Germany pointing out that under the Council's draft 1985 budget aid to regions and farmers at Ecu 9.3bn already fell short of commitments by more than Ecu 1bn and there was no more cash available in the budget.

Greece, however, insists that the programmes begin on schedule next year at the aid level proposed by the Commission. A compromise floated called for a small tranche to be paid for 1985 prior to more talks, but Mr Papandreou firmly refused.

It is now understood that the minimum the Greeks would accept is a Ecu 5bn programme while several northern states regard even Ecu 1bn as far too excessive.

As Mrs Thatcher said of both the Commission and the Greeks: "The sums that were being talked about were so far out of sight they should never have been mentioned."

Portugal hopes for quick entry

By Diana Smith in Lisbon

PORTUGAL'S EEC negotiators have expressed cautious hope that issues held up for months while Community Ministers argued over wine and budget questions can now progress.

If the Dublin compromise on wine genuinely unblocks negotiations, the Portuguese feel there is nothing to prevent outstanding issues being settled by January or February.

Portuguese agriculture and fishing, being less productive or competitive than that of Spain, poses no threat to Community members, but late in the day Italy, in particular, has raised obstacles to immediate unrestricted access to EEC markets by more efficient Portuguese products such as Port wine, tomato concentrate and sardines.

Portugal finds Italian proposals for restrictive transitions on these products unacceptable: they equally resist suggestions that Portuguese migrant workers wait for seven years before freely changing jobs in EEC countries.

If rapid progress can be made in agriculture, fishing and social affairs, Portugal's contribution as an EEC member can then be settled.

Italy chooses journalist as commissioner

By James Buxton in Rome

ITALY HAS nominated to the new EEC commission a man who should add glamour to the social life of Brussels.

Sig Bettino Craxi, the Socialist Prime Minister, has appointed Sig Carlo Ripa di Meana, 55, as Italy's new commissioner. He will flank Sig Lorenzo Natali, who is staying on for a third term, and replace Sig Antonio Giliitti, who is retiring.

By profession a journalist, Sig Ripa di Meana, a Socialist, was a member of the European Parliament until this year. Before that he was president of the Venice Biennale, the contemporary art exhibition.

But he is perhaps best known as a member of Rome's jet set. He and his wife, Marina Lante Della Rovere, are frequently to be seen in the smarter restaurants and night clubs of Rome.

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Moscow decries lack of consumer services

BY PATRICK COCKBURN IN MOSCOW

PEOPLE IN the Soviet Union are prepared to spend twice as much as at present on consumer services, but do not do so because services are so limited in choice and quality, a study by the Central Planning Organisation (Gosplan) has concluded.

For every 100 roubles a Soviet citizen spends on goods he pays only 10 or 11 roubles on consumer services. This is four to six times less than "in a number of foreign countries," according to an article by two members of Gosplan's research department.

They say that as real incomes rise in the Soviet Union the demand for services is growing faster than that for goods. An improvement in services is also regarded as a key to making higher wages a greater incentive for workers and thereby increasing productivity.

A growth in labour productivity is critical to current Soviet planning given that the total labour force is nearly static. The Soviet press frequently laments the inability of workers to find adequate grants and services on which to spend increased real income.

The study singles out six areas, where greater capital investment is needed to improve services: households (finding plumbers or craftsmen of any sort is notoriously difficult in Moscow), personal credit and finance, privately agriculture, leisure and holidays, changing employment and health and sports.

Failure of the state to provide these services leads to reliance on the second economy or the black market, say the two Soviet economists.

A separate study of Soviet emigres carried out at Stanford University in California shows that out of average annual family expenditure in the second economy of 1,138 roubles (£1,100) more than one-third went on services including construction.

The Gosplan study suggests that the additional workforce necessary to provide improved consumer services could be found if a more flexible attitude to employment is adopted.

There was a need to encourage part-time or temporary employment, conclude the economists. This is not very common in the Soviet Union. Only 3.5 per cent of the potential workforce for such jobs (students, pensioners and housewives) actually hold such employment, though polls show that 55 per cent of Soviet students want to work in the evenings.

OVERSEAS NEWS

Roger Matthews on the Jordanian King's efforts to find a Middle East settlement

Hussein's quest puts Arafat in dilemma

HANDS CLASPED together and raised above their heads in a salute of victory and friendship, King Hussein of Jordan and President Hosni Mubarak of Egypt this week drove through the teeming streets of Cairo in an open top Mercedes to receive the plaudits of the crowds.

Cairo had seen nothing like it since the triumphal drive from the airport by President Anwar Sadat on his return from Jerusalem in November 1977.

In their dramatic but different ways, both journeys marked the start of a new Arab push for a Middle East peace settlement. King Hussein, now with Egypt's blessing, is seeking to complete the process launched by Mr Sadat of securing a comprehensive peace. Above everything this means resolving the Palestinian issue and persuading Israel that, in return for a full peace, it should withdraw from the remaining Arab territories it has occupied since the 1967 war.

The King is adamant that, in order to win wider Arab and international support, it is vital for him to receive the active co-operation of the Palestine Liberation Organisation. The PLO is recognised by all Arab countries and the great majority of UN members as the only organisation which legitimately represents the interests of the Palestinian people. But the PLO is far from being a united body; and it is under intense pressure from rival Arab countries.

In essence, Mr Yassir Arafat, the PLO chairman, is now being asked by King Hussein to abandon the armed struggle against Israel and to opt for a negotiated solution.

The dilemma for Mr Arafat is that, if he follows the path charted by the King — which offers no guarantee of eventual success—he will risk intensified hostility from hardline Arab states and a possibly irrevocable split in PLO ranks; if he refuses the offer, the PLO may just maintain a degree of unity but may also have given up the last chance of freeing from occupation the 1.2m Palestinians in the West Bank and Gaza.

The King threw down the challenge to Mr Arafat and the Palestinians a fortnight ago in Amman, where the contrast with Cairo could not have been more stark. There were no open-top car rides in Amman, and the presence of the Jordanian Army was heavy.

It had deployed armoured cars, jeeps with rear-mounted heavy machine guns, thousands of troops and had blocked off streets with lorries weighed down with rocks to deter suicide car bombers: all this to protect the leadership and members of the PLO who were gathering in the Jordanian capital for the first time since many of them had been bloodily driven from those streets 14 years ago by the self-same Jordanian Army.

In those intervening years, PLO guerrillas had fought twice with the Syrian Army and twice with Israel in their peripatetic search for what they consider to be a just settlement of the Arab-Israel conflict.

King Hussein's message to the opening session of the Palestine National Council, the parliament-in-exile, was blunt and clear by the standards of many Arab political speeches: either work with me and my friends towards a negotiated settlement or try to do it by yourselves.

"History will record your Answer," he said "because in it lies the last feasible chance to save the land, the people and the holy places."

However, some of the speeches by delegates suggested that little had changed in the past 14 years, during which armed Palestinians have successfully, if only temporary, sought to establish their own autonomous areas in both Jordan and Lebanon. A few others asked more courageously what future remained for the armed struggle when every border with Israel was now closed to their fighters.

The final conference resolutions faithfully recorded such disparate attitudes by rejecting any peace proposal that did not guarantee the creation of an independent Palestinian state — which includes all UN Security Council resolutions—yet also agreed to study in greater detail the ideas put forward by King Hussein, which included several specific references to the 1967 UN Security Council Resolution 242 that enshrined the principle of exchanging land for peace.

The PLO is being challenged to take this decision while it is wounded and weakened by the traumas of the past two years. In the summer of 1982, Mr Arafat's forces were first thrown out of southern Lebanon and then bombed out of Beirut by the Israeli invasion. Almost as shocking to the Palestinians as the ferocity of the Israeli attack was the unwillingness of the Arab world, with the partial exception of Syria, to offer help or support.

Defeated militarily, Mr Arafat then had to face an intensified political challenge to his leadership. With Syria now fully determined to oust him, Mr Arafat searched anxiously for friends. In defiance of previous Palestinian resolutions, he travelled early this year to Cairo, the only Arab capital with an Israeli embassy, to embrace President Mubarak.

This spate of individualistic Arafat diplomacy—he also flirted openly with King Hussein over President Reagan's peace proposals—served to widen the splits within the PLO, and he even drew criticism from those who had long accepted that the only way to regain the West Bank and Gaza would be via the negotiating table. The only effective option left for Mr Arafat, if he was to reimpose his authority, was to convene the Palestine National Council (PNC).

The fact that the meeting was held, after months of manoeuvring and against intense Syrian opposition, was for Mr Arafat at least as important as anything that followed. Those PNC members who travelled to Amman to provide the necessary quorum of at least 250 had merely by coming indicated their willingness to support Mr Arafat's re-election as PLO chairman.

Support is one thing: a workable mandate quite another. True to form, the latest resolutions of the PNC instructed Mr Arafat and his PLO Executive to advance simultaneously in opposite directions; to work for understanding with Syria and to study King Hussein's proposals.

The track record of Mr Arafat and the assumed attitudes of the newly elected 11-man Executive suggest that they will try to work more closely with King Hussein than they will towards building bridges to Damascus.

However, such a tilt will fly in the face of much of the advice given to Mr Arafat last week by both members of his own Fatah group and from the group of independent PNC members. They tend to the belief that Israel is now fully committed to the retention of the West Bank and Gaza and that the U.S. has amply demonstrated its willingness to allow this situation to persist.

These same fears become convictions somewhere along the road to Damascus where, among the intellectuals of the dissident factions, Mr Arafat is perceived as a tired old man whose apparent willingness to settle for at best 25 per cent of Palestinian demands bears witness to his revolutionary bankruptcy.

They insist that Israel's "empire" has already passed its zenith and is doomed, like the Greeks and the Romans, to decay and eventual collapse. All that the Palestinians must do is remain strong and united. Above all, they must not be seduced by U.S. or Arab efforts to divide and then crush them through offering solutions which can never be delivered.

It is with this argument that King Hussein most vehemently disagrees. He told the PNC that "it constitutes an escape from responsibility" when "the justification of the existence of a ruler or leader rests on the fulfillment of his responsibilities with wisdom and courage, vigour and sincerity."

The king gives every indication of pursuing his ideas with courage ad vigour. By restoring full diplomatic relations with Egypt, he has underlined his determination to abandon the traditional Arab quest for consensus and replace it with the will of the "moderate" majority. The initial participants he hopes will be Jordan, Egypt and the PLO among the historic "conflict" States, backed by Egypt's friends which did not sever relations, Iraq, and more silently the Gulf States headed by Saudi Arabia.

The ultimate objective would be an international conference under UN auspices which would be attended by the permanent members of the Security Council together with all parties involved in the Arab-Israel conflict, including of course, the PLO. But whether Mr Arafat is ready and able to join the King on this course and carry the fissured PLO with him remains a crucial question hanging over the new Arab initiative.

● Mr Yitzhak Shamir, Israel's Foreign Minister, told Parliament yesterday that Jordan must end its partnership with the Palestine Liberation Organisation if it wanted peace with Israel, AP adds from Jerusalem.

Mr Shamir said Jordan also must abandon what he called its "dangerous illusions" that Israel would relinquish the occupied West Bank and return to its previous boundaries.

Mr Shamir was speaking at the end of a parliamentary debate on recent developments in the Arab world that could affect the prospects for an Arab-Israeli settlement: the emerging alliance between Jordan, Egypt and the PLO.

MR SHIMON PERES, the Israeli Prime Minister, arrived in Paris yesterday for a four-day official visit which is expected to improve relations between the two countries, writes Paul Betts in Paris.

Although President Francois Mitterrand has said that he does not intend to launch a French peace initiative for the Middle East, he has been actively seeking to help set the basis for more fruitful discussions between various parties there. The Peres visit follows recent trips by M Mitterrand to Syria and Jordan.

Mr Peres is the first Israeli head of government to pay an official visit to Paris since Mr Ben Gurion's visit in 1961. Relations between the two countries, which have been extremely cool during the past 10 years, started improving with the 1981 election of M Mitterrand, who went to Israel last March.

David Lennon writes from Tel Aviv: Mr Peres' visit heralds a new Israeli approach towards Europe, which in recent years has been regarded as harmfully meddlesome in the Arab-Israel dispute.

Mr Peres assumes that the Europeans want to be involved in the Middle East political arena, and, contrary to his predecessors, he believes that Europe could play a constructive role if encouraged by Israel.

The Premier will be at pains to explain to President Mitterrand why Israel rejects King Hussein's call to convene an international conference on the Arab-Israel dispute. He will express Jerusalem's fear that such a forum would be hostile to Israel and would encourage the Arab participants to adopt extreme positions.

Japanese growth slows to 3%

JAPAN'S economy slowed to a 3 per cent annual growth rate in the July-September quarter, the most sluggish in 18 months, news agencies report from Tokyo. Economists said a steady growth trend remains in place, although some feared that investment in new plant and machinery could be hit if the country's export performance was not maintained.

According to the Economic Planning Agency (EPA), gross national product rose by only 0.7 per cent in the quarter compared with a revised 1.8 per cent in the previous quarter. Exports rose by only 1.7 per cent, after allowing for inflation. This was sharply lower than the 4.8 per cent increase reported in the second quarter to June.

Pay rises of 7% sought in Japan

Japan's major labour groups have agreed to seek pay rises of at least 7 per cent in fiscal 1985-86 starting on April 1, Reuter reports from Tokyo.

The General Council of Trade Unions, representing 4.5m members, the Confederation of Labour, representing 2.2m, and two other labour federations adopt a joint position for spring wage negotiations.

Foreign investment in S. Korea falls

Foreign investment in South Korea fell 36.8 per cent in November from a year earlier to $9.5m (£7.9m). All the investment went into seven business projects, mostly joint ventures with Korean interests, the Finance Ministry said yesterday, reports AP.

This brought the total for 1984's first 11 months to $386m for 91 projects, up 199 per cent in value from the same period of 1983.

Australia's GDP declines by 0.9%

Australia's seasonally adjusted gross domestic product (GDP) at average 1979-80 prices declined by 0.9 per cent in the third quarter 1984, the Statistics Bureau said, reports Reuter. The decline is the first since the second quarter of 1983.

Taiwan disaster traps miners in poisonous gas

BY BOBKING IN TAIPEI

TAIWAN'S third major mining disaster in six months has trapped more than 90 miners in a poisonous atmosphere, 1½ miles from the surface and rescuers fear that few will emerge alive.

Rescue teams brought two bodies to the surface but reported finding another 20 miners apparently dead in the pit nearby. Rescue efforts were hampered by concentrations of methane gas as high as 1,000 parts per million, as well as high levels of carbon-monoxide.

Officials believe that an explosion caused by leaking gas led to a series of cave-ins that trapped miners working at the bottom of the pit. The two bodies recovered which showed evidence of burns, seem to support this theory.

Yesterday's disaster was the second at the Haishan site near Taipei this year and the third in Taiwan in six months. The collapse of mine shafts at Haishan last June killed 74 miners: a fire at a second mine less than a month later took another 103 lives.

The disasters, and allegations of poor safety conditions at Taiwan's 120 coal mines, led to a government investigation of the industry during the summer. The Government vowed to close any mines found to be violating safety regulations.

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Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	137	—	6.6	4.8	7.6	9.0
158	117	Ass. Brit. Ind. CULS	147	—	10.0	6.8	—	—
78	52	Airsprung Group	52	—	6.4	12.3	5.7	6.9
42	21	Armitage & Rhodes	41	—	2.9	7.0	5.1	8.5
132	57	Bardon Hill	132xd	—	3.4	2.6	13.3	22.1
58	42	Bray Technologies	44	—	3.5	8.0	5.1	7.3
201	173	CCL Ordinary	176	—	12.0	6.9	—	—
152	117	CCL 11pc Conv. Pref.	118	—	15.7	13.3	—	—
900	100	Carborundum Ord.	800	—	5.7	0.7	—	—
84	84	Carborundum 7.5pc Pf.	84	—	10.7	12.8	—	—
249	92	Cindico Group	92	—	—	—	—	—
73	45	Deborah Services	67	—	6.5	9.7	6.4	10.3
240	75	Frank Horsell	240	—	—	—	9.6	12.6
206	75½	Frank Horsell Pr.Ord 87	206	—	9.6	4.6	8.3	10.8
69	25	Frederick Parker	27	—	4.3	16.0	—	—
48	32	George Blair	48	+1	—	—	3.2	6.4
80	32	Ind. Precision Castings	32	—	2.7	8.4	8.8	9.5
218	200	Isis Group	200	—	15.0	7.5	7.9	14.4
124	61	Jackson Group	109	—	4.9	4.5	6.0	9.8
285	213	James Burrough	275xd	—	13.7	5.1	9.8	9.8
93	83	James Burrough 9pc Pf.	93	—	12.9	13.9	—	—
71	71	John Howard and Co.	71	—	5.0	7.0	7.2	10.2
147	100	Linguaphone Ord.	139	—	—	—	—	—
100	96	Linguaphone 10.5pc Pf.	98	—	15.0	15.8	—	—
544	275	Minihouse Holding NV	544	+2	3.8	0.7	39.2	42.6
176	31	Robert Jenkins	32	—	5.0	15.6	—	—
74	33	Scruttons "A"	33	—	5.7	17.3	17.4	4.0
130	61	Torday & Carlisle	67	—	—	—	9.3	19.8
444	370	Trevian Holdings	370	—	4.3	1.2	21.0	20.7
26	17	Unilock Holdings	25	−1	1.3	5.2	12.1	17.5
92	65	Walter Alexander	86	—	7.5	8.5	6.7	10.6
276	226	W. S. Yeates	226	—	17.4	7.7	5.4	10.8

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AMERICAN NEWS

Reagan to present $33bn budget cuts to Cabinet

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan was preparing yesterday to present his Cabinet with the list of $33bn (£27.5bn) of proposed non-defence spending cuts for fiscal year 1986 which the Administration's budget working group has tentatively approved.

The cuts are part of a programme which demonstrates how the President proposes to reduce the federal budget deficit from the $225bn expected in 1988 to around $100bn.

Still missing from the outline package however is the issue of defence spending. Mr Caspar Weinberger, the Defence Secretary, is resisting a cut in defence even though such a move has wide support within the Administration and in Congress.

As the White House was putting the finishing touches to its budget presentation it learned that its prospects of securing from the Congress a deficit reduction package to its liking had brightened.

At a party caucus on Tuesday, the Democratic Party in the House of Representatives rejected changes in its rules which would have allowed Rep James R. Jones, chairman of the House Budget Committee for the past two congressional sessions from standing for election for a third term.

The decision was being seen by Democrats on Capitol Hill as likely to weaken their bargaining position on budget issues in relation to both the Republican led Senate and the White House. It is widely expected that Mr Jones will be succeeded by a little known and, in budget matters, inexperienced member of the House. He is likely to be less effective in representing the party's views to the public and in securing a consensus for a particular course of action within the House.

This task it is argued will now fall more heavily on the party's leadership, including Mr Thomas P. O'Neill, the speaker.

While the Democrats problems will no doubt be welcomed at the White House, officials recognise that they are still facing enough problems of their own on the question of the budget deficit. The defence budget problem remains to be resolved and is not expected to be addressed until next week when Mr Weinberger returns to Washington after attending the Nato meeting in Brussels.

Moreover the draconian cuts which the President and his advisers have been working on in recent weeks are destined to provoke howls of protest from Cabinet officers as well as from Capitol Hill as they leak to the public—something budget officials regard as inevitable once the details are given to Cabinet officials.

For these reasons there are profound doubts as to whether President Reagan will ultimately propose as ambitious a programme of spending cuts as the one which the cabinet was expected to debate yesterday, and, even if he does, just how many of them will be embraced by Congress.

Top IMF man for Argentine debt tour

By Peter Montagnon, Euromarkets Correspondent

MR RICHARD ERB, Deputy Managing Director of the International Monetary Fund, is to accompany top Argentine officials on at least part of their forthcoming world tour to promote the country's new debt rescheduling package.

His presence should serve to dispel some of the lingering doubts in the banking community about Argentina's willingness to comply with the economic adjustment programme negotiated with the IMF last September.

Bankers note that the participation in a rescheduling "roadshow" of such a high-ranking IMF official is exceptionally rare.

Speaking in London yesterday, Mr William Rhodes, chairman of the bank committee that negotiated the package with Argentina, said he was confident it would be completed on schedule. Banks have to subscribe by Christmas to $4.2bn (£3.5bn) in new loans.

● Final documentation on Mexico's $48.7bn rescheduling package should meanwhile be ready by the end of next week and should be ready for signing in late January or early February, Mr Rhodes said.

● Morgan Grenfell, the British merchant bank, yesterday held a meeting in New York of some of Venezuela's trade creditors as part of a move to seek a global solution to outstanding commercial debts which amount to several billion dollars. The talks are expected to lead to the setting up of a negotiating body early next year.

David Gardner assesses the second round of talks to end Salvador's civil war

Peace in Salvador still a dream

COMPETITION FOR saying of the week in El Salvador last week was pretty fierce, but unhappily the prize must go to Monsignor Gregorio Rosa Chavez, auxiliary bishop of San Salvador and hapless onlooker as both sides entrenched themselves at the second round of talks aimed at ending this country's savage civil war.

"Both sides must be clear that if they don't take a decisive step today the dialogue could fail," the bishop said, shortly before talks started between the U.S.-backed government of President Jose Napoleon Duarte and the left-wing insurgents of the Revolutionary Democratic Front (FDR) and Farabundo Marti National Liberation Front(FMLN).

The talks had manifestly failed to bring the sides any closer to a common definition of peace, much less make the quantum leap from the "dialogue"—dramatically begun by President Duarte in the northern guerrilla stronghold of La Palma in mid-October—to a process of genuine negotiation.

The talks had yielded the most meagre results. Instead of a widely hoped for Christmas truce, the FMLN has agreed to allow free passage to all traffic on the country's highways from December 22 to January 3.

The rebels say a temporary armistice was not possible because the army sought to impose unilateral terms, reserving the right to maintain "vigilance." Sr Duarte said the insurgents would not accept *a ceasefire proposal, and has* made further talks conditional on full rebel compliance with the partial truce. The FDR-FMLN peace proposals were not even discussed at the meeting, which was taken up with what appears to have been an acrimonious review of Sr Duarte's peace offer and establishing the procedural norm for the bilateral commission announced in La Palma, which is supposed to study all peace proposals.

The rejected rebel platform calls for a phased move towards power sharing, which envisages the setting up of one national army from the existing two contending forces — though not necessarily their actual fusion on the Zimbabwe model—after which new elections open to all would be held.

Sr Duarte's offer calls on the FMLN armies to lay down their arms and join what he argues is a budding if imperfect democracy—"they can't have paradise on earth," the Christian Democrat president is fond of repeating.

The guerrillas would then be amnestied, and Sr Duarte says his government is in a position to ensure their physical safety and right to organise politically.

Put another way, Sr Duarte is calling on a powerful and sophisticated armed force, probably 12,000 strong, to surrender: first, he says, because the *conditions that led them to take the* field have changed, through major reforms in land ownership, the financial system, and civilian control over the army and second, because they cannot win, against increasingly able and better-armed 40,000-strong army and an open-ended U.S. commitment to prevent them. Finally, Sr Duarte says his offer is not negotiable.

The rebel proposal argues that the causes of the conflict remain unresolved. Above all, it insists that government demonstrate that it can supply the Left with the political guarantees it is promising.

This entails the dismantling of the paramilitary death squads and the bringing to trial of their leaders, known by both sides to be intimately linked to the security forces. It also involves, in the first phase of the rebel proposal, the effective breaking of the *vital military link* with the U.S., which arms, trains, finances and advises the Salvadorian army.

The second and third phases of the rebel plan envisaged the gradual opposition integration into the government and establishment of a national army, along with the destruction of the previous "repressive apparatus." The FMLN would "cease hostilities" only after the second phase had begun.

The central issue here, therefore, is the Salvadorean army, *the real power in the land.*

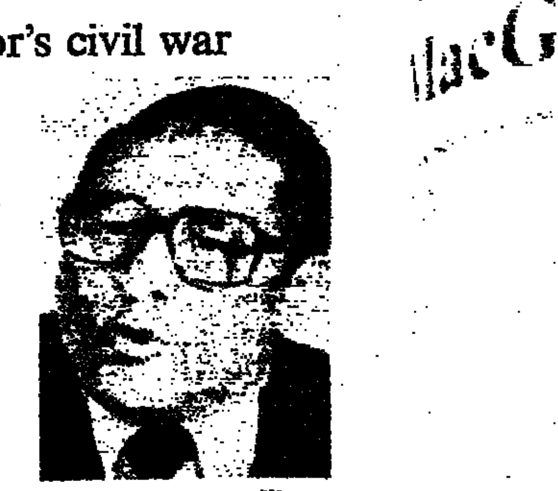
That is why, though technically negotiable, the rebels' proposal is no more a negotiating position than Sr Duarte's barricading himself behind the constitution, drawn up by the far right-dominated assembly elected in the controversial 1982 election.

The guerrillas are not prepared to re-enter the democratic process until the power of the army is, in effect broken. Their arguments for not moving back into the army's sights unarmed are difficult to dismiss. The Salvadorean Left are not newcomers to elective and participative politics; formally, after all, parliamentary democracy has existed in El Salvador for the past 50 years.

Dr Guillermo Ungo, for example, the Social Democrat leader of the FDR, was Sr Duarte's running mate in 1972 election they both won but were defrauded by the military. He was also a member of the reformist civilian-military junta which in October 1979 replaced the overthrown General Carlos Humberto Romero, put in power by electoral fraud in 1977.

The strength of the rebel's current platform however lies in the relative accuracy of its claim that the country is divided between two armies in a context of "clear dual power." Though the guerrillas hold not more than a third of the country, the army is unable to break the enduring military statemate despite a near doubling of air power this year and much more aggressive tactics.

Its weakness is that Sr Duarte is in no position to field a challenge to the army. The president's autonomy to negotiate is tightly limited by the army and by extension, the U.S. Though Washington firmly backs the popular Christian Democrat leader, this is in the belief that his reformism will undermine the insurgency, not bring it into government.



President Duarte — calling on the rebels to lay down their arms

Car shares fall on sales drop

By Our New York Staff

SHARES prices of the big three U.S. motor companies fell in early trading on the New York Stock Exchange yesterday as investors responded nervously to figures showing a sharp 14.2 per cent drop in car sales in the final ten days of November.

The industry statistics which followed announcements that the companies are planning a heavy manufacturing schedule, over the next few weeks, surprised many analysts. The overall feeling on Wall Street had been that consumer conditions remained favourable, to a continuation of the two year old car sales boom, especially in the wake of the recent decline in interest rates.

General Motors, the largest of the U.S. companies, registered the biggest fall in the ten day period, with a 23-per-cent decline in sales, to 99,808 vehicles.

U.S. 'will not send' troops to S. America

The U.S. would never permit the establishment of a Marxist-Leninist Government on the continent of America but at the same time is not willing to commit its troops in a war in Central America, writes Hugh O'Shaughnessy. This was stated by Mr Langhorne "Tony" Motley, U.S. Assistant Secretary of State, yesterday in a television interview with European journalists.

Canada pays back loans used to boost reserves

BY BERNARD SIMON IN TORONTO

CANADA HAS repaid the last of its outstanding international borrowings under standby credit lines used to replenish official foreign reserves.

The Finance Department said yesterday that $400m (£333m) were repaid to a group of Canadian banks last month, terminating the Government's use of the credit lines for the first time since last February.

The authorities have standby lines of $3.5bn with Canadian banks and $4bn with a group of foreign banks.

Borrowings reached about $1.5bn last July when the Bank of Canada intervened in foreign exchange markets to stem the rapid decline of the Canadian dollar.

GM pulls the plug on the U.S. diesel car

BY TERRY DODSWORTH IN NEW YORK

U.S. TELEVISION has had a great deal of fun over the past few days with a story which might well serve as an epitaph to the American diesel car. It showed a disgruntled crane driver who had hoisted his chic Cadillac high into the air by the side of a major road. "If you want to buy trouble, buy a diesel Cadillac," read a placard fixed to the side of the vehicle.

The Cadillac owner's picturesque protest, which he says he mounted after running up $15,000 (£12,500) of maintenance bills, is just one indication of the way the diesel has lost popularity in the U.S. market. When General Motors finally decided to pull the plug on its diesel engine manufacturing this week, its sales were down to around 30,000 diesel cars a year. In 1981, it hit a peak of 350,000 units.

The history of the diesel boom and bust is, as General Motors said yesterday, a cautionary tale of the rapidity with which taste changes in the fickle U.S. market.

Back in 1979, diesel cars were the hottest selling products in the industry. At that time, GM itself was talking about diesels taking around 25 per cent of the selling at a big premium, and total market, diesel cars were Volkswagen was the envy of performance diesel models. the industry with its small, high-The German company, indeed, was riding so high that it was pushing ahead with a second assembly plant.

The reasons for the engine's fall from grace since then are a mixture of economic factors, public image and the quality problems highlighted by the crane-driving Cadillac owner.

The economics of diesel-owning changed dramatically when petrol prices began to fall from their late 1980 peak. At the same time, diesel has lost much of its pricing edge. In 1981 it was around 10 cents a gallon cheaper than petrol, but pump prices are now roughly the same as petrol, which stands at an average of $1.22 a gallon.

As oil shortages have turned to surpluses, American consumers have also quickly lost their anxieties about future supplies, a change in sentiment that has been reinforced by the motor industry's success in producing much more fuel-efficient petrol engines.

At the same time, the image of the diesel engine has never been so successfully sold in the U.S. as in Europe. Although the new diesel engines, such as GM's own V6 launched in 1981, have much-improved performance on the older versions, Americans still tend to associate diesels with fumes, smoke and starting difficulties.

Finally, quality difficulties on GM's older V8 diesel engine, which has been vigorously attacked by consumer groups, have not helped.

The result of the decline in enthusiasm for the diesel has been to cut industry sales from 521,000 units in the U.S. in the peak year of 1981 to 355,000 in 1982 and 198,000 last year.

Most of these sales will from now on be taken by imports. GM itself has sold only 26,200 in the first 10 months of this year, against 65,000 in the same period of last year. Ford offers a Japanese-made diesel in its smaller models, while Chrysler does not have a diesel at all. Volkswagen, of course, abandoned its second plant project and its dreams of U.S. expansion spearheaded by its diesel expertise a couple of years ago.

WORLD TRADE NEWS

UK sees role in China gas plans

BY MARK BAKER IN PEKING

A MAJOR role for British companies in exploiting China's offshore gas reserves was predicted by Mr Alick Buchanan-Smith, the UK's Minister of State for Energy.

Before leaving Peking for a tour of the Canton area, centre of the country's big offshore oil and gas development programme, Mr Buchanan-Smith said senior Chinese officials had shown great interest in having British participation in tapping the big gas deposits discovered by Atlantic Richfield of the U.S. off Hainan Island in the South China Sea.

The Chinese were seeking foreign participation in transmitting gas north to Canton and other centres and in developing industries

They were also impressed by British expertise in exploiting North Sea gas — both in the deep-water gas-extraction technologies and in large-scale conversion of industrial and domestic consumers to natural gas usage.

The Chinese are still considering how they will utilise the Hainan gas reserves. Arco's exploration in the Yinggehai basin has discovered two high-yield wells, with flows of 1.8m and 1.2m cubic metres of gas a day.

While in Peking, the Minister opened an offshore oil seminar at which 10 British companies are giving lectures on their technology and experience in offshore oil and gas development and a total of 58 companies are displaying their products.

Spain set to ratify $20m credit line to Nicaragua

By Tim Coone in Managua

THE Spanish Government is on the point of ratifying a new $20m (£16.6m) line of credit to Nicaragua for 1985.

According to the Spanish commercial attache in Managua, Sr Jose Canela, the only snag that could delay the credit line would be if Nicaragua falls behind in its debt payments, 'but *as of last month they are fully* up to date with payments," he said.

Spain has conceded more than $60m in credit lines since the Nicaraguan revolution in 1979 as well as a number of $5m-$10m short term government-to-government loans.

Several Spanish companies are also providing supplier credit to a number of state-owned companies in Nicaragua.

The next $20m credit line will be split into three categories for consumer goods, raw materials and spare parts, and capital goods, with pay-back periods from one to five years, respectively, and bearing interest rates following Libor, "at present around 11-12 per cent with banking commissions," Sr Canela said.

Nicaragua's foreign trade is being increasingly linked to bilateral aid credits, as a result of a drying-up of multilateral and private bank credits to the country over the past few years.

E. Germany to buy 1m tonnes of Iran crude

By Our Foreign Staff

EAST GERMANY is to purchase about 1m tonnes of crude, or about 20,000 barrels a day, in 1985 under an agreement reached in Tehran on Tuesday, according to Opecna, the Opec news agency.

The agreement was concluded at a meeting between Mr Abbas Honardoost, the Iranian Deputy Minister of Oil, and Herr Claus Gaedt, East German Deputy Foreign Trade Minister.

The volume of Iranian oil purchased may be increased to 1.5m tonnes if continuing negotiations are successful, according to Opecna.

East Germany has been interested in buying Iranian oil since 1978

Japan boosts share of EEC manufactured goods

BY DAVID MARSH IN PARIS

JAPAN OVER the last decade has increased its share of EEC manufactured goods markets roughly 20 times more quickly than Europe has been able to boost market share in Japan.

This is one of the main conclusions of a survey by the Organisation for Economic Co-operation and Development. For the first time it assembles a thorough picture of market penetration in key industrial sectors in industrialised countries over 1970-80.

Even though it does not give *more recent data, the study is* likely to provide ammunition to countries which claim that Japan should take greater steps to open up its markets.

It shows that Japan built up its share of manufactured goods markets in the UK by an average 14.4 per cent a year during 1970-80. The annual growth rates were 12.3 per cent in France, 11.5 per cent in Belgium, 10.8 per cent in West Germany and 7.0 per cent in Italy.

By contrast, EEC countries as a whole were able to increase their penetration of the Japanese market by only 0.5 per cent a year on average.

The UK's share of Japanese consumption was unchanged over the period, while that of Germany and the U.S. fell.

IMPORT PENETRATION IN MAJOR COUNTRIES

Importing country: (Industrial sector)	U.S.	Japan	France	W. Germany	UK
Clothing	17.3 (10.4)	13.8 (12.1)	29.1 (10.9)	60.2 (8.4)	39.7 (11.4)
Textiles	4.9 (0.8)	7.6 (6.3)	27.7 (8.1)	34.4 (5.4)	33.4 (8.8)
Industrial chemicals	10.0 (6.2)	9.3 (2.8)	53.1 (4.1)	39.8 (4.8)	34.7 (4.8)
Plastic	5.8 (1.0)	0.8 (4.5)	12.7 (2.4)	25.7 (5.7)	12.6 (9.8)
Electrical machinery	12.7 (8.1)	3.5 (3.3)	26.3 (4.7)	37.7 (7.8)	26.3 (9.3)
Transport equipment (cars etc.)	17.9 (7.6)	3.6 (1.6)	25.4 (2.2)	30.8 (3.5)	54.2 (15.1)
All manufactured goods	9.3 (5.3)	5.8 (2.0)	23.3 (3.7)	31.3 (5.0)	28.2 (5.7)

First figure is share of domestic market, in particular, sector taken by imports, 1980.
Second figure in brackets is average annual growth rate of import penetration, in particular, sector in reporting country over 1970-80 period.

Source: OECD

Even after rapid growth during the decade, Japanese exports accounted for only 1.2 per cent of total 1980 consumption of manufactured goods in the UK, compared with West Germany's share of the British market of 3.8 per cent and a U.S. share of 3.0 per cent.

The Japanese share of the Belgian market was 2.2 per cent, against 1.3 per cent in West Germany, 0.7 per cent in France and only 0.6 per cent in Italy.

Other points to emerge from the study are:

● Overall import penetration in the 11 most industrialised countries rose on average by 4.6 per cent over the period. Penetration of the 11 countries' markets by OECD imports rose 4 per cent a year on average during the decade.

Non-OECD countries—starting from much lower bases—built up their market shares in the 11 generally more quickly, by 10.4 per cent a year for newly industrialised countries, 10.2 per cent for other developing countries in Asia and 6.1 per cent for Comecon members.

● Apart from Japan, which built up market share in the overall group of 11 by an average 6.5 per cent a year over the period, the other great source of expanding exports was France.

France's share of the group of 11 countries' manufactured goods' markets rose 5.7 per cent a year over the period, compared with grow rates of 4 to 5 per cent for West Germany, Italy and the Netherlands and only 3.6 per cent for the UK.

● Penetration of the UK market by imports rose 5.7 per cent a year during the decade, mainly reflecting a surge in sales by EEC countries after Britain's Community membership.

UK market shares won by Australian and Canadian imports showed a sharp fall over the period.

Import penetration in Italy rose even faster—7.0 per cent a year—while in Japan the growth rate was 2.0 per cent, almost entirely due to imports from non-OECD countries.

● The country with the most open market in 1980 was Belgium, with 83 per cent of its manufactured goods consumption taken by imports, largely from the rest of the EEC.

The share of domestic markets taken by imports in other major EEC countries was mainly in the 30 per cent range, although the share in France was only 23.3 per cent.

Imports, by contrast, took only 5.8 per cent of the Japanese market — representing mainly sales from the U.S. and non-OECD countries — and 9.3 per cent of the U.S. market.

Breaking down market penetration by industrial sector, the report shows that import shares during the period for the 11 countries rose most quickly for leather goods, clothing and tobacco.

Market penetration ratios (see table) in 1980 were particularly high for clothing, industrial chemicals, ceramics, rtansport equipment (including cars) and measuring and control equipment, all in the 25 per cent to 30 per cent range.

Contractors 'despondent' at export premium rise

BY OUR TRADE EDITOR

BRITISH engineering contractors have reacted "with despondency" to a big increase in the cost of insuring exchange rate risks on project tenders in foreign currencies, the CBI said yesterday.

They have complained that the stiff new terms will make the scheme, operated by the Export Credits Guarantee Department, virtually unusable, an official said.

Earlier this week, the ECGD told bankers and industrialists it was raising its 0.3-1.05 per cent scale of charges to 2.5-4.0 per cent. This is the cost of insuring when a tender results in a foreign currency contract being signed.

The initial premium is to be 0.1 per cent of the sterling value, compared with the present flat-rate charge of £5,000.

The CBI quoted the ECGD's decision as an example of industry's worry that the loss-making ECGD is being compelled to truncate or abolish useful facilities for exporters.

CBI leaders raised the point in evidence yesterday to the House of Commons Select Committee on Trade and industry.

Greenland trade pact

GREENLAND has signed its first trade agreement with a non-EEC country in preparation for its planned withdrawal from the European Community at the end of the year, Kevin Done, Nordic Correspondent, reports.

Under the trade agreement reached with Sweden, complete freedom from tariffs has been agreed for industrial goods

Foreign groups to share in Soviet orders

By Patrick Cockburn in Moscow

THE SOVIET Union has decided to keep up the momentum of its next Five Year Plan starting in 1986 by awarding turnkey contracts to foreign companies, senior Soviet officials have told a visiting British trade delegation.

The reason cited for this switch in trade policy is that the Soviet Union's own construction industry is overstrained.

John Brown and Davy McKee have been asked to bid for two chemical plants, each worth £500m.

A delegation of British businessmen led by Lord Jellicoe, chairman of the Board of Overseas Trade, was told that the Soviet Union was interested in British participation in the construction of major gas pipelines and offshore oil development

Ansett is launch customer for new Fokker propjet

BY OUR AMSTERDAM CORRESPONDENT

ANSETT AIRLINES of Australia is set to become the launch customer for the new F-50 passenger propjet being built by Fokker, the Dutch aerospace group. Ansett indicates it will buy 10 and take an option for five more.

The official price is between $6m-$7m (£5m-£5.8m) apiece for the F-50. The 50-seat aircraft is a successor to the F-27 Friendship.

Because of Ansett's prominence as a large, domestic Australian airline, Fokker hopes the order could set a trend for the airline industry, which is shifting toward shorter routes while seeking maximum operating economy.

The F-50 was designed for distances of about 1,200 nautical miles while providing up to 25 per cent greater fuel efficiency, ease of operation and low noise level. The Dutch aircraft is competing with the Italian-French ATR-42, the British Aerospace 748 and the Canadian de Havilland Dash-7.

In July, Fokker reveiced the first order for its F-100, a 100-seat, twin-engined jet unveiled as a successor to the F-28 Fellowship at the same time at the F-50.

The Fl 500m (£120m) order from Swissair for eight F-100s and an option for six more also was viewed as a trend-setting order.

Fokker needs to sell 150-210 of the F-50s to recover development costs, which totalled Fl 1bn for both the F-50 and the F-100.

The Dutch Government provided Fl 900m in financing and guarantees related to the development, although it provided no financial assistance in the Ansett order.

COAL BOARD CHAIRMAN CALLS FOR LOW-COST ENERGY FUTURE

MacGregor backs privatisation

BY OUR INDUSTRIAL AND POLITICAL STAFF

MR IAN MACGREGOR, the National Coal Board (NCB) chairman, yesterday welcomed the suggestion that collieries should be privatised.

Asked whether he had considered selling off pits he considered unworkable to the National Union of Mineworkers (NUM), Mr MacGregor said he found the idea "wonderful."

He added that "unfortunately" the legislation setting up the NCB – the 1946 Coal Industry Nationalisation Act – was so framed so that it "could not be easily privatised." He doubted whether new legislation world be appropriate in the middle of an industrial dispute.

Mr MacGregor continued: "On the other hand, I think that over the long term there is no question about it, that opportunities like this will arise as they have done in other industries in this country."

Mr MacGregor's enthusiastic welcome to the prospect of privatisation of the pits is in line with his known preference for the introduction of private capital into the industry – a preference he shares with the Prime Minister.

Neither political nor commercial realities make it an imminent possibility – though a clear victory for the NCB in the strike, and a relatively rapid closure of the more unprofitable pits, could put in on the agenda within the present decade.

Mr MacGregor repeated an earlier comment that he would consider the strike over when "a majority of people decide to go back to work – one third of our people are working now."

Mr MacGregor's remarks were made during a talk arranged at a City of London church. He said the achievement he would like to see emerge from the pit dispute would be the creation of a low-cost energy future for the UK.

France, he noted, had gone the nuclear route, and expected to get energy costs so low by the end of the century that it would become the "home of the basic industries."

That aim, he said had met a challenge over the issue of "whether we should manage the industry in this direction or whether we should continue forever being an inefficient operation utterly dependent on your charity as taxpaxers."

Mr Peter Rost, a Conservative MP, last night called for the ending of the NCB's monopoly of deep mining of coal and said the opencast sector "should be hived off completetly."

Mr Rost, a member of the House of Commons' energy committee, said it was nonsense that BP, which mined nearly as much coal abroad as the NCB produced in the UK, should be prohibited from mining in Britain.

If the industry could not be privatised overnight, he said, the "bureaucratic and inefficient" management if the NCB should be restructured and individual NCB areas given greater autonomy.

Mr Leon Brittan, the Home Secretary, yesterday called on the Trades Union Congress (TUC) to withdraw its support for the miners' strike so long as the NUM continued to defy the law.

He implied that it was now only a matter of time before the strike collapsed and, in a strongly worded speech, condemned the "Fascist" tactics of Mr Arthur Scargill, NUM president, and the mass pickets.

Mr Brittan said: "The TUC now has a golden apportunity to do what its leaders must surely know is in theirs and the country's interests." It had to recognise reality and end what had become a course of tragic folly.

"By taking this course the TUC can regain the initiative from Mr Scargill and rescue the trade union movement from catastrophe."

Mr Scargill will meet with senior members of the TUC today and will seek an emergency meeting of its general council to mobilise industrial action to help the striking miners. He is unlikely to be given the support demanded, however.

It became clear yesterday that Price Waterhouse, the sequestrators appointed by the High Court to seize the NUM's assets for non-payment of a £200,000 fine for contempt – had written to all unions, including those not affiliated to the TUC, demanding full details of all payments made, or intended to be made, to the NUM in support of the strike.

The clear implication in the letter is that, where unions do not co-operate, they will themselves be in contempt of court.

Mr Herbert Brewer, the receiver appointed by the High Court to take charge of the assets of the NUM, went to Dublin yesterday for talks with solicitors.

MacGregor: 'wonderful' idea to sell collieries

Britain wins few Trident bids in U.S.

By Lynton McLain

FEWER THAN a tenth of UK companies allowed to bid for work by the U.S. makers of the £9.7bn Trident ballistic missile have succeeded so far in getting work on the project, the Ministry of Defence said yesterday.

Under the Trident purchase agreement with the U.S. Government, UK manufacturers are able to bid on sub-component work for Trident on the same terms as U.S. manufacturers.

Four and a half years after the UK decided to buy Trident as the system to replace the Polaris nuclear deterrent, only 21 out of the 250 British companies approved in the U.S. have won work on the Trident system.

These 21 companies have won a total of 26 contracts worth $14m the ministry said. This works out at less than a quarter of one per cent of the £5bn Britain expects to spend in the U.S. on Trident missiles and their associated equipment. The cost of the UK's expenditure on Trident in the U.S. has escalated by more than £1bn since March, when the cost was estimated at £4bn, as a result of the fall in the value of sterling.

Scottish investment trusts in £920m fund management link

BY ALEXANDER NICOLL IN LONDON

THREE SCOTTISH investment trusts yesterday announced plans to pool their management resources in a new fund management group controlling £920m of assets.

The move, creating one of the largest fund management concerns in Scotland, is the latest in a current shake-up of the investment trust sector as institutional shareholders demand higher performance from their investments.

Edinburgh Investment Trust, with £480m of assets, will own 61 per cent of the new group, to be called Dunedin Fund Managers. The remainder will be held by two Dundee-based trusts, First Scottish American and Northern American, which together have £215m.

Mr Grant Cochrane, the manager of the Edinburgh trust, will be chairman of the group and Mr Donald Marr, manager of the Dundee trusts, will be his deputy with the two men sharing the chief executive's role.

The formation of the group, which will manage £225m of other funds in addition to the three trusts, will also involve policy changes for the Dundee trusts.

Both the Dundee trusts now have no specialisation, aiming for both capital and income growth. Under the new plan, first Scottish American will aim for income growth mainly through UK investments and Northern American will go for capital growth with its portfolio mostly outside Britain.

Arthur Young sues over Howden

BY JOHN MOORE, CITY CORRESPONDENT

ARTHUR YOUNG McClelland Moores, the accountants, have begun legal proceedings against former executives of the Alexander Howden group, including the former chairman, Mr Kenneth Grob.

The move is a counter action by Arthur Young, which is one of a number of accounting firms that are being sued by Howden and its parent company, Alexander & Alexander Services. Legal action has been in progress for nearly two years in connection with Alexander & Alexander's controversial acquisition of Howden in 1982.

After making the acquisition, Alexander & Alexander found that there was a shortfall in Howden's assets and alleged that $55m had been misappropriated by former executives. Alexander launched legal action against Arthur Young, who had been auditors to the Howden group.

In Arthur Young's counter action, which is being conducted through the issue of third party notices in the High Court, four of the former executives at the centre of the Howden troubles are being sued. The four named in the action are: Mr Kenneth Grob, Mr Allan Page, Mr Ronald Comery, and Mr Jack Carpenter.

In addition, Arthur Young is suing three other directors. The other three named are: Mr Gordon Pope, Mr Charles Limond and Mr Michael Glover.

The action alleges that the executives' representations on the financial position of the group in connection with the acquisition by Alexander & Alexander "were untrue and inaccurate." The accountants allege that the accounts of the Howden group for the years 1977 to 1980 "did not give a true and fair view of the financial position of the companies in the group by reason of the frauds and misappropriations." The action is expected to be defended.

Perfect partners, Page 24

Lawson still expects substantial tax cuts

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE TREASURY is still expecting that there will be room for tax cuts of about £13½bn by the end of the decade, the National Economic Development Council was told yesterday.

Mr Nigel Lawson, Chancellor of the Exchequer, told the council that although he was slightly less optimistic than he had been about the prospects for tax cuts next year, there was no reason to make any substantial revision to the longer-term picture up to 1988-89.

In an unpublished paper to the council the Chancellor recalled that the Green Paper (consultative document) released on budget day last March envisaged that there would be room for tax cuts of £2bn for 1985-86, with cumulative cuts of £13½bn during the four financial years 1985-89.

In his autumn statement last month, the Chancellor estimated that the room for manoeuvre in the budget next spring had shrunk to £1½bn. In yesterday's paper, however, he pointed out that the spill-over effects of his 1984 budget measures would reduce taxes by a further £1.8bn next year in real terms.

He said: "Thus there is the prospect of a £3.3bn real reduction in the 1985-86 tax burden."

The paper said there was evidence that countries with a lower tax burden achieved better economic performance, quoting the U.S. and Japan as examples. It restated the Government's strategy for reducing the overall level of income tax as well as for cutting out unnecessary allowances against tax.

The Chancellor said: "Broadening the tax base means that special exemptions and allowances should be minimised." But he added: "This does not mean that it is the aim of policy to abolish them all."

The Government, he said, wished to retain only those exemptions which could be justified on wider economic and social grounds.

The paper also emphasised the Government's desire to minimise the effects of the so-called poverty and unemployment traps, by which the structure of taxes and benefits reduce the incentives for people to seek higher pay or to move from unemployment into a low-paid job.

One of the major aims of all the Government's tax reform programme was to reduce distortions in the working of the market economy and so to improve the allocation of resources between different types of investment and between capital and labour.

'Bold' Hong Kong plan

BY OUR PARLIAMENTARY STAFF

THE AGREEMENT between Britain and China on the future of Hong Kong was a "bold and imaginative plan," Sir Geoffrey Howe the Foreign Secretary, told the House of Commons yesterday. As a means of reconciling the apparently irreconcilable it could have important implications for problems in other parts of the world," he told MPs.

The agreement provides for the return of sovereignty over Hong Kong to China in 1997 when the lease on most of the colony expires and for the continuation of the capitalist system, for a further 50 years.

Sir Geoffrey and Mrs Margaret Thatcher, the Prime Minister, are expected to travel to Peking later this month to sign the agreement. Sir Geoffrey said success of the agreement would depend to a large extent on the people of the colony and their willingness to make it work.

"They are resourceful and resilient people, and I believe there is every chance that in the 21st century Hong Kong will continue to be the striking financial, economic and social success that it is today."

UK NEWS

Union tells officials not to break law on strikes

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the Amalgamated Union of Engineering Workers (AUEW) are urging the union's negotiating bodies not to call any industrial action for fear of falling foul of the Government's labour legislation.

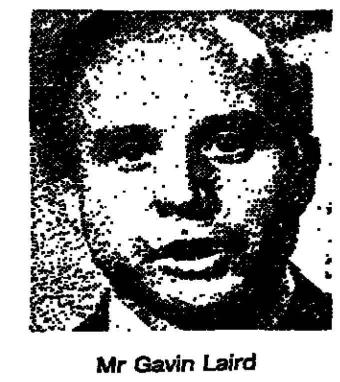
Last month, the AUEW successfully appealed against a High Court injunction obtained by Austin Rover, BL's volume car subsidiary, against the union and a number of other unions for failing to hold a ballot before a strike in the company over pay. The transport workers' union is at present facing a £200,000 contempt of court fine arising out of the same issue.

Austin Rover brought the proceedings because it claimed that the unions' joint negotiating committee in the company had called the strike, although both the AUEW and the electricians' union EETPU later repudiated the call.

In order to avoid that in future, Mr Gavin Laird, AUEW general secretary, is now advising all such bodies that only the union's governing executive council may either authorise, or even call for, industrial action on behalf of the union.

Further, Mr Laird is urging all the union's full-time officers and its network of district committees to "exercise great care to ensure that they do not give employers opportunities to bring such proceedings."

This is among the furthest unions have gone to stay within the limits of the 1984 Trade Union Act, which requires unions to hold ballots before all industrial action in order to retain their legal immunity from civil action in tort.



Mr Gavin Laird

In addition, the AUEW executive, is proposing amendments to the union's rules to formalise the advice to negotiating bodies and officials, to ensure that only the executive and the union's policy-making national committee may call or authorise industrial action.

Mr Laird said that the executive was determined to protect the interests of the union and its members.

● The Government yesterday announced increases for the first time in the amount of money available in compensation payments for unfair dismissal arising out of trade unions' closed shops.

BP offers workers staff status

BY OUR LABOUR CORRESPONDENT

BRITISH Petroleum (BP) is securing a deal with manual workers at its plastics plant in Barry, South Wales, which will give them staff status. It will strip the Transport and General Workers' Union (TGWU), Britain's largest, of its negotiating rights over them.

National-level leaders of the TGWU are furious about the agreement and are threatening industrial action throughout BP Chemicals if it is not withdrawn. But the deal has been approved by their own members at local level in a ballot.

Union leaders are fearful that the deal could set a precedent in the company and might lead to attempts to reach similar agreements at other BP Chemicals' sites – which might considerably threaten the TGWU's bargaining power.

Some BP managers would like to see the deal repeated at other sites, though in practice they accept that few other plants are likely to have immediately the same factors which are leading to its implementation at Barry.

Details will be given today to the TGWU's meeting of its executive council, which is likely to take a hard line against it.

Mr John Miller, TGWU chemicals national secretary, said yesterday: "Our position is quite clear – we're not having it." He said he had already told the company "we will stop the whole of BP if necessary." Local TGWU officials had been instructed by the union not to sign.

BP insists that the agreement is not an attempt to remove unions from the plant, on the lines of the Government's ban earlier this year on trade unions at its GCHQ Cheltenham intelligence station.

Under the terms of the deal, however, negotiatings rights will be withdrawn from the TGWU – and from two other unions, the engineering workers AUEW and the electricians EETPU, which have agreed to it. The unions will then only have the right to represent the 200 industrial workers at the plant, not to bargain on their behalf.

The company claims that pressure for the deal has come from the employees themselves at the plant, part of which was recently taken over by ICI in a rationalisation agreement. The workforce has fallen from nearly 2,000 three years ago to only about 300. Of those entitled to vote, 68 per cent were in favour of the deal.

Under the agreement, manual workers will receive annual pay increases decided for them by the company. Individual merit will be rewarded by their eventual placing within a salary structure, into which they will move from having a fixed rate for their jobs.

The company is confident that the new arrangements will be in force by the due date of January 1.

Fears of 'irreversible slide' in British merchant shipping

BY ANDREW TAYLOR, SHIPPING CORRESPONDENT

THE UK shipping industry yesterday made a strong plea to the Government to restore some of the fiscal advantages that were taken away in the last budget.

Citing the continued decline of the merchant fleet and its consequence for the balance of payments and employment, the General Council of British Shipping (GCBS) said "something must be done, and done quickly, to encourage investment in ships."

The GCBS has asked for a special 50 per cent depreciation allowance on new and second-hand ships. This would be added in the first year to the normal 25 per cent allowance so that vessels could be written off against profits in four years.

Before the last budget, when the industry enjoyed "free depreciation" enabling investments to be written off at will, the write-off period could be one or two years.

The 1984 budget, however, subjected the industry to the normal 25 per cent depreciation ruling, though it has promised to introduce some more flexibility in the next Finance Bill. The GCBS also wants the Government to put back some of the tax reliefs lost by seafarers in the budget.

Since the 1975 peak of 1,600 ships totalling 50m deadweight tons, the UK fleet has slumped to 700 ships of only 18.5m dwt. To keep its present level, the GCBS reckons 1m tons of new orders are needed a year.

In the past year, UK shipowners ordered only 100,000 dwt though this week saw the placing of a further 173,000 dwt order for a new bulk carrier by British Steel to be built at Harland and Wolff in Belfast.

"The problem lies on the Chancellor's desk," said Mr William Menzies-Wilson, president of the GCBS. "Every other maritime country has a more favourable fiscal regime for its merchant fleet than the UK."

Without government action soon, added Mr Brian Shaw, vice-president of the GCBS, "the reduction in numbers could become almost irreversible."

P & O Ferries is pulling out of Southampton after disruption to its service to Le Havre in France caused by the Hampshire port's dispute with dockers over new shift and manning arrangements.

It will use Portsmouth, 20 miles away, until "a totally satisfactory" service can again be provided from Southampton, the company said.

The Southampton dispute, which has kept large container ships away from the terminals for more than six weeks, has meant that only daytime working has been possible. As a result, some freight due to be carried on P & O's night sailings to France had been left on the quayside.

Talks between management and unions on Tuesday aimed at trying to resolve the dispute lasted only a short time and were inconclusive.

Southampton port management and unions said last night that they regretted P & O's decision. Townsend Thoresen also switched to Portsmouth two months ago, although not as a direct result of this year's dock strikes which disrupted Southampton more than any other UK port.

P & O has used Southampton for 17 years and will run its last ferry from there this evening.

The GCBS declined to say what its budget request could cost, since this would depend on the level of new ordering that was encouraged.

It said, however, that the annual cost in deferred tax would be much less than the £100m suggested by the Treasury to Mr Nigel Lawson, Chancellor of the Exchequer, whom the GCBS met on Tuesday.

The Government, including Mrs Margaret Thatcher, Prime Minister, have said it regards shipping as a special case. It earns about £1bn a year for the balance of payments and carries a third of the country's traded goods.

Third World interest payments 'essential for world economy'

BY DAVID LASCELLES AND PETER MONTAGNON

FINANCIAL TIMES WORLD BANKING CONFERENCE

THE WORLD financial system was still at best shaky two years after the start of the developing countries' debt crisis, Lord Lever said yesterday.

Speaking at the 10th Financial Times conference on world banking, he said it was essential, not just for the banking system but for the world economy in general, that interest payments on developing countries' debt should be sustained.

These payments were now coming from three main sources – their trade surpluses International Monetary Fund (IMF) loans and fresh bank lending. But governments would have to produce more credit for the developing world to supplement trade surpluses and bank lending.

Mr William Rhodes, senior vice-president of Citibank, pointed to considerable progress being made in restructuring the debts of Latin American countries, notably the new package for Argentina.

A case by case approach remained the best, but efforts must be made to find a better balance in the source of capital for developing countries, he said. Attention should be paid to foreign investment, official lending and domestic capital formation.

Mr Carlos Langoni, the former Governor of the Central Bank of Brazil, said there was still an urgent need for a long-term solution to the debt crisis. He called for a strategy that would enable debt-laden less-developed countries (LDCs) to adjust their economies but continue to grow at the same time. He proposed an "interest facility" similar to the oil facility established in the 1970s to help countries overcome the high cost of finance.

The external adjustment undertaken by LDCs had been "nothing short of dramatic," according to Mr Azizali Mohammed, director of external relations at the IMF. He foresaw a continuing role for the IMF in encouraging a sustainable world recovery, providing medium-term balance of payments' finance for member countries and as a catalyst for official and commercial financial flows to countries undergoing adjustment.

Herr Helmut Schmidt, the former West German Chancellor, warned that strains on the world economy would be worsened by a U.S. recession which he expected to last into 1986. He called for urgent U.S. action on the Federal budget deficit to forestall a crisis of confidence in the dollar.

British banks were in the early stages of "the most momentous revolution in UK financial markets in general and banking in particular this century," claimed Mr Peter Leslie, senior general manager of Barclays Bank. He said that leading UK banks were determined to play at least as key a role in the new order as in the old, whether in the securities industry or the new markets that were evolving.

The growing involvement of UK banks in the securities industry posed special problems for bank supervisors, said Mr Anthony Loehnis, executive director of the Bank of England. The Bank was examining how banks should be isolated from risks assumed by market-making subsidiaries. It was also concerned about banks' growing off-balance sheet activities and their implications for bank capital.

Mr Walter Shipley, chairman of Chemical Bank, said the U.S. banking system was still in a fragile state after crises earlier this year. Pressures could build up again unless structural impediments, particularly the prohibition on geographic consolidation, were addressed.

"The real opportunity to restabilise U.S. banking will come from a consolidation of the wasteful and redundant cost structure of the system as we know it today," he said.

Mr Shipley claimed that if U.S. banks kept their costs to the level of Canada, which had nationwide banking, they would save $21bn a year. Consolidation would also improve both the capital strength and liquidity of U.S. banks.

Mr Armin Mattle, managing director of Union Bank of Switzerland (Securities), warned that the Euromarkets stood to lose business to the domestic capital markets of various countries due to deregulation, tax liberalisation and the higher yields available there.

He said that borrowers seeking to raise funds on the international market would have to target their issues increasingly at the retail sector.

Mr Peter Rehmpell, managing director of Bayerische Vereinsbank, said there had been "a massive misguidance of resources" in West Germany in recent years which had "paralysed the dynamic forces" of its economy and placed strains on the banking system.

He believed banks could act as "shock absorbers" for both domestic and international debt pressures. Forthcoming changes to German bank legislation and possible improvements to the equity markets would help.

ICI abandons search for new HQ

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

AFTER a two-year search for a new London head office, Imperial Chemical Industries had decided to remain in the Millbank building, beside the river Thames, that it has occupied for nearly 60 years.

The company said yesterday that it had looked at more than 100 buildings or sites in central London but none of them had met its requirements. It now intends to redevelop its 26,000 sq m. Millbank building, the freehold of which it purchased in January for £75m from the Greater London Council.

ICI has not yet applied for planning permission but it wants to create a head office for its own purposes and to leave about 14,000 sq m of office space that can be let or sold.

The group's decision to seek alternative central London offices was announced in October 1982 and followed a reduction in the number of staff employed at Imperial Chemical House.

At one stage, about 1,200 people were based in the building but the figure has been cut back to around 500. When the redevelopment is complete, ICI headquarters staff will be down to about 300.

ICI says it cannot yet put a cost on its proposals.

Target set for science research

By David Fishlock, Science Editor

AN EXTRA £88m allocated by the Government for science over the next three years should be spent on the redeployment of scientists, the re-equipping of laboratories, and the funding of more of the best British ideas for research.

This is the advice of the latest report of the Advisory Board for the Research Councils (ABRC), which sets out its proposals until 1988.

The extra money, £16m a year for the next three years, plus a further £20m for new instruments, represents a 3 per cent increase in the science budget next year.

The ABRC, under the chairmanship of Sir David Phillips, the Oxford biophysicist, says the new money "represents a welcome boost to the nation's research capability at a time when the development and mutual reinforcement of science and technology are opening up new areas of great promise at an unprecedented rate."

Next year the ABRC proposes to spend £6.75m on the restructuring of three research councils, the Agricultural and Food Research Council (£5m), the Economic and Social Research Council (£500,000) and the Natural Environment Research Council (£1.25m).

Over the three years to 1987–88 it plans to spend a total of £14.75m on restructuring, to make changes such as a greater emphasis on food research and on remote sensing techniques.

The main beneficiaries of extra funds for research grants next year will be the Science and Engineering Research Council (an extra £2.52m), the Medical Research Council (£1.26m), and the Natural Environment Research Council (£220,000).

Altogether, an extra £20m for research grants is foreseen for the next three years. The aim will be to fund more top-quality research grant applications – "one of our most fruitful sources of creative research," the report says.

The third area to benefit, to the extent of about half the total extra funds for the three years, will be new equipment and instrumentation. The report picks out two major facilities – the Spallation neutron source at Chilton, Oxfordshire, and the synchrotron radiation source at Daresbury, Cheshire, which are to have extra instruments allowing them "to be used much more effectively at the forefront of science."

Scientific opportunities and the science budget 1984. Available from the Department of Education and Science. No charge.

BT 'a challenge' in share ownership

BY PHILIP STEPHENS

THE GOVERNMENT yesterday urged the City of London to take up the challenge of creating a "people's capital market" in Britain after the success of the British Telecom (BT) flotation with small investors.

The issue this week, which created 2.3m shareholders in the UK utility and raised £3.9bn as part of the Government's policy of privatising state-owned assets, was four times over-subscribed. It was hailed as a triumph for the spread of share ownership.

Mr John Moore, the Financial Secretary to the Treasury, told a conference in London that the BT sale had turned the possibility of much wider share ownership into a reality for more than 1m new investors.

"Our hope is that all these first-time investors in BT who have taken the all-important first step into share ownership will become interested in what else the stock exchange has to offer," he said.

Mr Moore referred to the first-time investors as "a new army of capitalists," adding: "We have helped to create the interest and it is now for the City to rise to the challenge."

He said that the success of the BT sale – in which the Government had quite deliberately favoured small investors – brought Britain one step nearer to the concept of retail share shops.

The extension of share ownership was an integral part of the Government's strategy to foster a free enterprise culture in which labour and capital would no longer be regarded as irreconcilable inputs in the economic equation.

"Our aim is to consign to the dustbin that most misleading of phrases 'the two sides of industry' that has done untold damage to Britain."

Mr Moore also reported a strong momentum towards the creation of more employee share schemes since the introduction of new legislation in this year's finance act.

By the end of November nearly 500 applications had been received for the introduction of "key employee" share option schemes, many from companies which already operate or intend to introduce schemes which benefit directly the whole workforce.

● British Telecom yesterday confirmed that Landor Associates, a large U.S. design consultancy, had been working for them.

Landor was retained earlier in the year to study certain aspects of its strategic position ahead of privatisation. A report was delivered in April. It is not clear whether Landor will be doing any further work for BT, but a BT spokesman said "they are not involved with us at the moment."

Video recorder sales suffer sharp decline

BY JASON CRISP

SALES of video cassette recorders (VCRs) slumped during the first half of the year, according to the latest figures from the British Radio Equipment Manufacturers' Association (Brema).

The drop was particularly sharp in the second quarter when there were 268,000 VCRs delivered to the trade, compared with 680,000 in the same period last year. A reduction in retailers' stocks partly accounted for the fall, but consumer demand was much lower than the previous year's record levels. VCRs have also become a more seasonal item, with stronger demand in the winter months.

Brema estimates that by the end of June the number of VCRs in use in Britain had reached over 6.25m units – over 30 per cent of homes.

Demand for colour televisions also showed signs of slowing. In the second quarter of the year, deliveries to the trade fell 3.2 per cent to 706,000 units, compared with 729,000 in the same period last year.

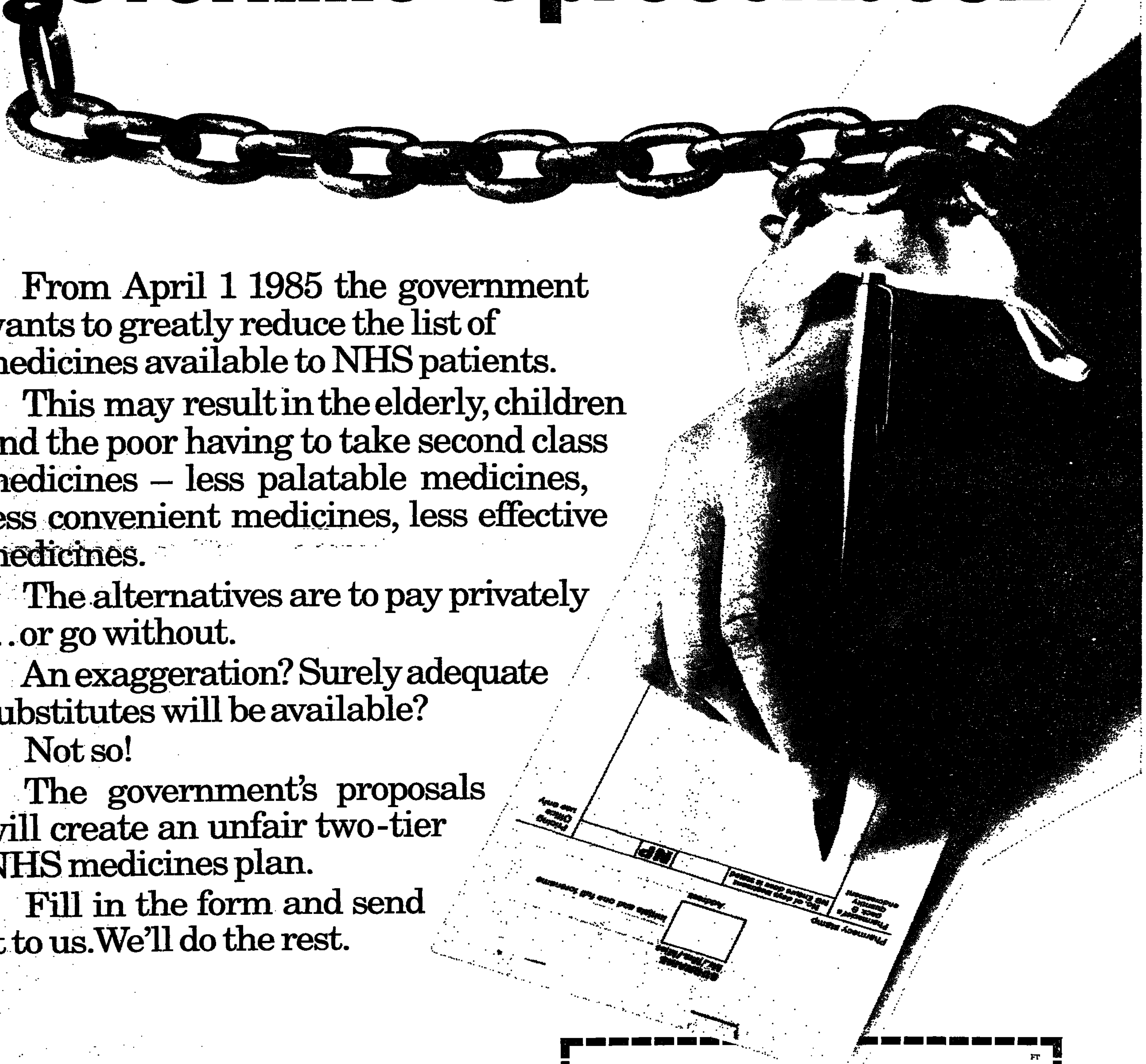
There has been a switch in demand from large-screen colour sets to small ones, with a rapid increase of over 50 per cent in sales of the latter. This means that a higher proportion of sets are being imported.

Imports accounted for 42.4 per cent of all colour TVs delivered to the trade in the second quarter, compared with 35.1 per cent in the same period last year. Almost two thirds of small-screen TVs – which accounted for 47.5 per cent of the total – were imported.

The figures show signs of a fading interest in teletext-equipped television sets. Brema figures record a 20.5 per cent drop in teletext sets in the second quarter.

Deliveries of large-screen sets fell sharply in the second quarter, down by 20 per cent on the previous year.

Sorry! Now you can only have the medicines the government prescribes...



From April 1 1985 the government wants to greatly reduce the list of medicines available to NHS patients.

This may result in the elderly, children and the poor having to take second class medicines – less palatable medicines, less convenient medicines, less effective medicines.

The alternatives are to pay privately ...or go without.

An exaggeration? Surely adequate substitutes will be available?

Not so!

The government's proposals will create an unfair two-tier NHS medicines plan.

Fill in the form and send it to us. We'll do the rest.

Don't get sick ...get angry.

abpi

The Association of the British Pharmaceutical Industry.

FT

I oppose the government's proposal to reduce the list of medicines available to me on the National Health Service.

Send to: ABPI, FREEPOST, LONDON SW1A 2YZ.

Your signature____________________

Name of town only required

____

NO STAMP REQUIRED

THE ARTS

Colnaghi, Agnew/David Piper

The uneasy marriage of money and art

The ingredient of money present in all dealers' exhibitions is more explicitly accounted for than usual in the recipes for exhibitions mounted in Bond Street by two of the best-known, longest-established firms in the fine art business. Agnews has *Thirty-five Paintings from the Collection of the British Rail Pension Fund* (until December 14); Colnaghi has *Art—Commerce—Scholarship* (until December 15). This reviewer has no quarrel with revelations about money in this context even if some other reviewers seem to have been upset by the association. My only mild complaint is that the connection should have been more explicit.

The British Rail Pension Fund's collection is presumably—must be—bought for investment, and as such cannot but comprise the most attractive items in its portfolio of growth stock. That is, of course, visually speaking. There is a strong case for setting out, as part of the exhibition labelling, just what the growth has been for each item since the Fund bought it. Anyone who denies any interest in that information is probably lying, nor can its revelation tarnish the paint. If it does tarnish the view of anyone looking at the pictures, that is their bad luck and they should clean their glasses or consult a psychiatrist.

The accumulation of the collection must have given the fund's managers much pleasure, though they have, of course, been motivated also by considerations of financial gain. Yet they also show public spirit — almost all the paintings gathered together at Agnews are normally on loan to public museums, and the proceeds of this exhibition and its catalogue go, with the happy concurrence of Agnews, not to the Pension Fund, but to the British Diabetic Association. The managers will however be aware that it's all good advertisement. So is the fact aware that it's all good that the paintings are usually out on loan, no less than eight of them to national galleries — a valuable confirmation of importance. Whether all the directors of such and other galleries are so happy is not so certain as they watch these paintings' market values rise to peaks beyond the realm of the galleries' budgets.

There is, for example, the enchanting study by Van Dyck of the heads of the two little infant daughters of Charles I that must be rated forever part of the "National Heritage" sentimentally not less than artistically or historically. But will the nation, in due course, be able to find the cash?

But let's cross the road for the moment, to Colnaghi's and *Art — Commerce — Scholarship*. The title really belongs to the large and lavish catalogue (£12: "a contribution" from which will go to the Dulwich Picture Gallery Appeal Fund) than to the theme that the pictures shown spell out — certainly, if you haven't got the catalogue. The catalogue, however, is indeed eloquent. As introduction, it offers 10 essays of substance, some by highly distinguished art historians, directors, experts, with no involvement in dealing. These convey some new information, and some forthright views about the history of collecting, collectors, dealers, critics.

I especially enjoyed John Martin Robinson's plea for a more considered definition of what constitutes the National Heritage, what should be the *pecking order in the priorities* to which The National Heritage Memorial Fund must refer when considering bids for help in saving this objet d'art or that historic house from export or destruction. I disagree with the writer's view that the Fund has so far failed badly in that he seems to me to be over pure) but I agree very much with some of his basic points.

Some of these essays, though enlightening, do not bear closely on the show's theme. The introductory piece however, by Richard Herner of Colnaghi, does spell it out. It is in part dedicated to the claim that dealers do have to make a living —which is fair enough, but also fairly widely known; perhaps he does protest overmuch about that. Claims for the furtherance of scholarship by dealers' commerce in alliance with objective scholarship are borne out in the very full entries in the catalogue. The truth, the whole truth, and nothing but . . . or almost.

A critical factor in establishing a painting's status is naturally its past history. The catalogue often spells this out in detail, but also, quite frequently it is summarised in three words: "Provenance: Colnaghi, London." This might suggest, to the innocent visitor, even some kind of mystery of spontaneous generation in the arcane recesses of the premises. There are of course perfectly good reasons why dealers will not, indeed sometimes cannot, spell out a provenance, but they do not accord with the needs of scholarship. The Colnaghi show is mixed: it has loans from collections and collectors that have come to them from Colnaghi's and it has pieces from Colnaghi's current stock that are for sale.

But to come to Art. For most visitors the only necessary, and sufficient, justification is that in these two shows some fine paintings are made visible for a brief time in London. Colnaghi's show is of mixed quality. Perhaps the stock pieces overall bear witness to the increasing rarity on the market of major works by Old Masters.

There are some striking paintings: a shocking *Beheading of St John* by the very rare but very dramatic Caravaggesque Sienese painter, Manetti, though this and a weird Carlo Dolci of St Nicholas of Bari — airborne, snatching a boy from death by his hair and watched by four seated but understandably impressed figures in turbans—while admirably painted, have perhaps a slightly exaggerated element of that strangeness in proportion that Bacon required as an element of beauty.

The works that were available in the past and are now borrowed back, from the States, from Switzerland, besides Britain, are of a nobler order, especially the large and spectacular *Resurrection* by Veronese (from Westminster Hospital Chapel) and *The Lady Reading a Letter*, by Metsu, from the Beit collection in Ireland, claimed with frank assurance as "the most celebrated Dutch genre work not by Vermeer."

In the precision and intensity of its radiance, it does indeed suggest that Metsu must have known Vermeer at this stage but, still more noticeably, it simply compels wondering attention as a ravishingly successful masterpiece in its own right. And then perhaps I should single out a five-part item, five apostles by Van Dyck, studies from the life painted in swift spontaneity in his youth. Lent from Switzerland, though once at Althorp, these are all masterpieces.

'A Lady Reading a Letter' by Gabriel Metsu at Colnaghi

Back at Agnews, British Rail Services offer nothing perhaps of quite that calibre, but one painting after another, from the Italian cinquecento to Picasso (melancholic boy in blue indeed from the Blue Period) of high quality and in admirable condition. My favourite is the unfinished study of his family by G. D. Tiepolo, his mother, and brothers seated most solidly there, but three sisters as if dissolving into another realm of being in a mysteriously surreal way. There is the Van Dyck sketch of the children; a noble Chardin; Degas; Pissaro —but perhaps most hauntingly a pastel head of Cézanne by Renoir that conveys more vividly than any other potrait of him known to me the impression of stubbornly smouldering genius.

Lutyens Concert/Wigmore Hall

David Murray

The New Macnaughten Concert on Tuesday honoured the music of Elisabeth Lutyens, who died last year—and who had been a co-founder of the Macnaughten series in 1931. At the time of her death, a considerable number of her pieces still awaited first performances, and two of them — *Triolets* I and II—were premièred at this concert: we heard also her much earlier *Capricci*, and pieces by Brian Elias (a Lutyens protégé) and by Justin Connolly for solo cello, along with a George Nicholson piece, *Winter Music*, for a Lutyens-type ensemble.

Most of the works in the programme consisted of several short movements; that was a little uncomfortable for the listener, but it set the pungency and concision of the Lutyens music in relief. There are some late Lutyens pieces in which that manner becomes too gnomic for communication, but not these. As the programme note justly observed, the *Triolets* components (nine movements each—not fragments, but as self-contained as Skryabin's *briefest preludes*) suggest heightened speech-gestures, quirky rhetoric that needs no translation. The expressive variety within a small scope is masterly, the play of timbres fascinating (cello with clarinet and mandolin in the first *Triolet*, with *marimba and harp* in the second).

The 1955 *Capricci*, a welcome rediscovery, explore a different instrumental conception—two harps and percussion reinforcement used like one mega-harp—on a similar scale. This time seven sharply characterised pieces make their points in tiny spans, with the harp sonorities cunningly extended and underlined by tambourine, triangle, side drum, gong: less distilled music than the *Triolets*, but just as fetching.

The modest graces of Nicholson's *Winter Music*, simpler and looser, were shaped by some of the same expert performers (too numerous to list). Of the cello pieces, both delivered with confident sympathy by Alexander Baillie, Justin Connolly's *Tesserae C* is a sober, deliberate construction, somewhat grim. Brian Elias's new *Of Elutropia* flowed more easily, its development transparently signposted, pleasant but unsurprising.

Patrick Harding-Irmer

Clement Crisp

London Contemporary Dance Theatre's final programme at Sadlers Wells, which continues to the end of this week, is a splendid portrait of the company. Its three parts—Siobhan Davies' *Free Setting*; Robert Cohan's *No Man's Land*; Paul Taylor's *Esplanade*—propose a variety of challenges which the dancers meet with superb skill. Each work, and in this LCDT is unique in Britain, is beautifully lit, with nothing either functional or "safe" in the way the bodies are shown, but the illumination giving clarity, mystery, enhancement to the figures. And in each work Patrick Harding-Irmer took a principal role.

For ten years he has been a leading artist with the company, and across that decade the standard of male dancing in the troupe has been on an ascending arc of excellence. Yet Mr Harding-Irmer still dominates the stage by the power of his dancing as by the force of his presence. In *No Man's Land*, Cohan's Cocteau-esque view of the Orpheus legend, succinct in its staging as in its narrative, he is a figure both heroic and heroically expressive: whether revealing Orpheus' grief, passion or terror, he is an artist whole and magnificent in technique as in communicative dignity. It is a grandly satisfying interpretation in a fine piece, which he will repeat on Saturday.

In *Free Setting*, where Siobhan Davies' choreography seems to swing between fascinating extremes of activity and repose, there are conflicts and resolutions of dynamics that constantly excite the eye and stimulate the performers. In *Esplanade* there is the wonderful rush and race of bodies as Taylor's walking and running steps effortlessly become dance. (I report with pleasure the exchange between two young girls behind me: "What's an esplanade?" "It's a walk-way, isn't it?" There is no better description of Taylor's dazzling piece.)

In this, Mr Harding-Irmer is matched with Darshan Bhuller and Michael Small, their respective lightness and elasticity of style complementing his surges of energy and the burningly clear outline of his dance. All three are examples of the new breed of male dancer that has emerged in this country during what we must call the "LCDT years" and they are, with their colleagues, testimony to the achievement of LCDT in bringing young men into the dance world.

Der Rosenkavalier/Covent Garden

Max Loppert

The unveiling of the new *Rosenkavalier* (funded by the bullion merchants Mocatta & Goldsmid) is, as the previous (1966) production was, in the charge of Georg Solti. Tuesday's performance, a happy occasion by and large, also celebrated the conductor's first 25 years at Covent Garden. So it is satisfying and fortunate that it is he who provides both the evening's most distinctive contributions.

Distinctive and distinguished: I have seldom heard a *Rosenkavalier*, and simply cannot recall another Solti opera-house reading, of such affectionately relaxed, flowing gait, of such unforced dimensions and unhustled temper. It was (so far as I can tell) an entirely uncut account of the score, yet *it felt blessedly less rambling* and indigestible than many a traditionally truncated one, for in terms of dramatic, orchestral, and vocal balance—which should be (but seldom is) one and the same thing—it has been conceived to shed a radiant illusion of naturalness on what can sometimes seem a monstrously large and unnatural operatic pleasure-machine.

By the "old" Solti Strauss we tended to be bombarded with high-dramatic stirrings of the turbulent passages and then suffocated in a too-loving embrace of the tender ones. On Tuesday we may have noted that the orchestral writing is still executed in the brightest of primary colours, with none of the sinking-into-featherbeds sumptuousness of the classically Viennese blend of Strauss sonority. But within that general sound-image of brightness—which in the deceptively tricky Covent Garden acoustics comes as a pleasure in itself—it was rare indeed that one sensed any training of spotlights on details of instrumental or vocal filigree. The chords and high violin solo at the close of Act I wobbled out of true; that was the single notable qualification in a performance securely founded on orchestral excellence.

Kiri te Kanawa's first London Marschallin deserves to be ranked beside her early Countesses, Desdemonas, and Elviras — that is, among her finest achievements. Recently, there were grounds for wondering whether the artist, a creature of natural lustre, temperament, and theatrical affinities, was in danger of being replaced by a National Monument. This lovely portrayal, which bears the same relation to Dame Kiri's first Marschallin (at Paris three years ago) as does a faint pencil sketch to an oil painting, is sufficient to sweep such fears away.

Almost everything about it, bar a few swallowed German consonants, is right; the style combined genuine sensuality, womanly tenderness, subtly applied tints of remorse, and an indefinable impression of carriage and breeding. (The meeting with Sophie, a danger-area of potentially dislikeable snobbery, was most delicately handled.) The voice, a touch husky at first, cleared later to its most beautiful estate, lying on the vocal lines as though born to be there.

Barbara Bonney, a young American arriving unheralded at Covent Garden, proves a delightful discovery, a Sophie blonde and meltingly dimpled yet not lacking in flashes of fire (the best Sophies give, as Miss Bonney did, hints of the formidable matron somewhere in the offing). Her entrance music was touched by nervousness (a

Kiri te Kanawa

British debut before, among others, the Queen Mother probably answered for that): the shining, soaring tone of Act 3 was the real thing. The very Mediterranean tang of Agnes Baltsa's mezzo lends a degree of idiosyncrasy to Octavian, rendered here a spoilt, bouncy whelp, twin brother of Miss Baltsa's memorably funny Octavian. I enjoyed and admired the performance, far more than in Karajan's lushly somnolent Salzburg *Rosenkavalier*, without yet being entirely convinced by it.

It is, all things considered, a strong female trio, a good basis for an affecting *Rosenkavalier*. John Schlesinger's production, his second venture into opera, makes capital out of it; in other ways, I feel this to be a marginally less successful achievement than Mr Schlesinger's *Hoffmann* in the same house. With the distasteful exception of a dwarf among Ochs's retinue, there are no notable oddities to mar its progress; people who disliked Visconti's Art Nouveau stylisation will be well pleased with the exchange. The comedy scenes go with a swing—producer and designers William Dudley (sets) and Maria Björnson (costumes) appear to have studied Hogarth, not at all unprofitability.

But among many other things this opera is a sharp-eyed study of social levels and distinctions. Here, I find that sharpness slightly blunted, generally, and also by a want of dangerous exuberance in Aage Haugland's gigantically rubicund, musicianly Ochs and of identity in Jonathan Summers' funny-walk Faninal (strange casting) — in both the local accent comes and goes, as it does in the performance as a whole.

Mr Dudley's Act 1, a beautifully detailed study in rococo decoration and colour shading, is followed by a less happy Act 2, in patissier's silver, and by a fussy Act 3, with a toy-theatre-like inn accommodation to supply layers of visual confusion and little dramatic benefit. The costumes, Octavian's operetta green suit apart, make a splendidly precise and handsome impression. Among the many smaller parts well played and sung there should be a word for Yordi Ramiro's Italian Tenor (a late replacement), Cynthia Buchan and Robert Tear as an almost too vivacious and amusing pair of intriguers, John Gibbs' Notary, and John Dobson, a master of character acting (here evidenced as the Faninal major domo) on this occasion celebrating, like the conductor, his Royal Opera quarter-century.

Jungle Book/Adelphi

Michael Coveney

The great advantage of the early opening of bad Christmas shows is that you can cross them straight off the list and get down to serious business with Sooty or Keith Harris and Orville. Sitting through the deadening embarrassment of John Hartoch's adaptation of Kipling is like being transported in a time warp to some nightmarish fringe evening in the Round House ten years ago. Actors in body tights are humming all over the place, incongruously supervised by Fenella Fielding as Kaa the rock snake in a slinky black evening sheath.

There is a cyclorama, lots of erect poles and a vague colonial setting of Mowgli's adventures on a Victorian verandah. But once young Mowgli "the frog" is adopted by actors on all fours pretending to be wolves and resembling in fact bad audition acts for *Play School* or even RADA, you have to recall that *Cats* had a degree of expertise that is here signally lacking: and that Tom McGrath's *Animal*, a simian symphony based on Jane Goodall's researches among chimpanzees, will be greatly welcome when it resurfaces at Southampton next year.

Aside from Ms Fielding, only Jeremy Sinden's original pear-shaped bear Baloo, a most sympathetic old thing, has any idea of what Kipling is on about. I read somewhere that Mr Hartoch thought little of the Disney film. He thought Disney missed the point about Kipling. He may well have done, and good luck to him. This show, in its dull, pedestrian, second-rate manner, misses the point even more thunderously by sticking to the original.

There are bongoes, a sitar and typmani played listlessly by two downstage musicians in white tunics. The obstreperous tiger Shere Khan is given an awful huffing rendition by *Simon Cuff among all* the quasi-experimental growling, and although David Banks is a lithe and lissom older Mowgli (at least more sympathetic than the dreadful young version by Emlyn Harris) and Jonathan Izard tries hard and often as suitably a feline Bagheera the panther, the show dribbles away in a miasma of under-rehearsed old fashioned fringe vocal effects, dull lighting, bad dramaturgy and tiresome acting.

Even Mr Sinden is eventually done for, being required to double his lovely Baloo with the garrulous old village sage Büldeo. You cannot seriously offer this sort of entertainment to children (and adults) who have seen *Jungle Book* on film, let alone the latest Tarzan re-make, *Greystoke*, or *Cats*.

Saleroom

A Picasso print of 1935, *La Minotauromachie*, sold for £137,500 at Sotheby's yesterday to the New York dealer Tunick. It was an auction record for a print, and beat the long established record set by the same plate. Munch's famous lithograph, *Madonna*, sold for £66,000, and his wood-cut, *Frauen am meeresufer*, for £55,000.

At Sotheby's in New York on Tuesday night a record price of £670,731 was paid for a Hebrew manuscript, and an early 14th century Spanish treatise on Astronomy, from the Sassoon collection.

A third record was achieved at Phillips in London which sold a dolls house for £6,800. It is six foot wide and took from 1908 to 1933 to make, by a Bradford man.

The good demand for Impressionist and modern pictures continued yesterday with Sotheby's making £2,017,290 in the morning session with just 16.6 per cent unsold.

Natan Brand/Elizabeth Hall

Dominic Gill

Since his last appearance in London 13 years ago, the Israeli-born pianist Natan Brand has lived, taught and performed chiefly in the U.S. His playing is not without charm, and one perceives that his musical instincts—in Schumann at least, to whom he devoted the whole of his recital on Tuesday evening—are well-placed, and from time to time quite finely tuned. The presence is hardly commanding (in the sense that some musicians compel attention from the first notes they play); but Mr Brand can occasionally wind himself up to a pitch of creative tension which is at least engaging.

His Schumann survey, which ran in nearly reverse order through the three miraculous years from 1837 to 1840, took in the *Symphonic Etude*, *Kinderscenen*, *Kreisleriana*, and the little *Blumenstück* op. 19 of 1840. For all their potential charm, the performances had one or two serious deficiencies which gave them a less accomplished finish than perhaps, by their intention, they deserved. The most serious of these deficiencies was a very bumpy control of dynamic: climaxes blurted instead of surging; in the quiet music, many important notes and figures would often disappear entirely. And the dynamic levels (all three of them to be exact) were too closely circumscribed: a jovial, robust *fortissimo*, an outspoken *forte*, and a thin *mezzo-piano* which had no carrying power at all were simply alternated.

The best things were the fullest and loudest: the *Kuriose Geschichte* and the *Glückes genug* of *Kinderscenen*; the first part of the second Intermezzo of *Kreisleriana*—most music, indeed, marked above *forte* and *sehr rasch*. The finale of Kreisleriana had real intensity for a moment: but it was a one-dimensional achievement. One had longed before, so often already, for some of the colours, and dimensions, in between.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 30–Dec 6

Exhibitions

BRUSSELS

Museo del Oro de Bogota. Colombian Gold Artifacts. Bellevue Museum. Ends Jan 20.

Antwerp. Fine Arts Museum. Aspects of Irish Painting: Basil Blackshaw, Patrick Collins, Barrie Cook, Louis le Brocquy, Tony O'Malley and Camille Souter. Ends Dec 9.

NETHERLANDS

Amsterdam. Allard Pierson Museum: Similar But Different, an exhibition marking the archaeological museum's 50th anniversary, is devoted to daily life in Egypt, from 3500 BC to 600 AD. Not grandeur, then, but domesticity, as the visitor is led through a series of small rooms (one a re-creation of an Egyptian interior) displaying everyday objects, delicate faience work, jewellery and religious artefacts. Richly illustrated catalogue. Ends Jan 1985. Concurrently, on the top floor, a remarkable display of the earliest photographs (1839-1860) of the monuments lining the Nile.

Amsterdam. Rijksmuseum. In this anniversary year of the death of William the Silent (1584) yet another exhibition devoted to the birth of the Dutch republic. Paintings, prints, drawings and manuscripts illustrate the ideals of religious toleration and political freedom that precipitated the 80 years' struggle with Spain. Ends Dec 9.

Amsterdam. Willet-Holthuysen Museum (Herengracht 605). Amsterdam silver 1520-1820 is an exhibition of 250 items and groups displaying the mastery of Amsterdam silversmiths over three centuries. The show, which focuses on church, guild and table silver, includes a magnificent monstrance of 1517, ornamented drinking horns and finely wrought chains of office used by the civic militia companies, and four salt cellars from 1639-1643 by the celebrated silversmith Johannes Lutma. Ends Jan 13, closed Mon).

ITALY

Venice: Palazzo Ducale: The Treasures of the Pharaohs - a rich and fascinating exhibition of more than 80 works (lent by the Cairo Museum) - covering over 3000 years, and containing an enormous variety of objects from mundane things such as combs and cooking pots to the contents of Tutankhamun's tomb. Until End of December.

Rome. Braccio di Carlo Magno. Raphael in the Vatican: the last in a series of exhibitions which have been held in Paris, Rome, Florence and Urbino, marking the 5th centenary of the painter's birth. The exhibition contains material from the secret archives, The Vatican Library and the Papal apartments, and is a wonderful chance to see objects not usually on public view, and the details of inaccessible frescoes. Until Jan 16.

Milan: Galleria Castaldelli, Via Lanza 6. Drawings, watercolours and oils by Renato Guttuso. Until Dec 30.

Venice: Scuola Grande di S. Giovanni Evangelista: Behind the Venetian Palaces; Three Centuries of Minor Architecture in Venice: 1492-1803: An unusual exhibition tracing the history and development of a small area of the city with maps and various documentation from the State archives not only how and when the buildings were constructed but who owned and lived in them, and how they lived. Open 10-7.00pm (closed Mon). Until Dec 9.

Venice: Museo Correr. Drawings by Gian Antonio and Francesco Guardi, a delightful exhibition of 250 drawings by the brothers, including, among the subjects, the famous views of the city by Francesco. (Closed Tue). Ends Jan 31.

Rome: Istituo Olandese (Dutch Institute in Via Omero 10): about 100 drawings and paintings by art students finishing their courses here in the early 19th century. Charming landscapes of the city and surrounding countryside. (Closed Mon). Until Dec 9.

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Until 14/4.

Turin: in the newly restored Synagogue - an exhibition entitled 'The Jews of Turin' - chronicling 100 years of Jewish traditions with games, recipes, playing cards and photographs. Until Dec 10.

VIENNA

Medieval Art from Serbian Monasteries: This exhibition from Yugoslavia of religious art from Serbian Medieval Monasteries covers the period from the 10th to 17th centuries and includes some intricately worked silver book covers, chalices and incense burners. Gilded icons are also of interest, showing a surprisingly modern angular technique in depicting garments. Other exhibits include illuminated manuscripts and copies of frescoes, and all show a fascinating intermingling of eastern and western artistic influences. Museum of Mankind. Ends Jan 20.

WEST GERMANY

Cologne, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art - some of which is more than 5,000 years old. It includes extremely thin-walled storage jars with scratch patterns, bronze and stone weapons, glazed vessels, woodcut prints, gold sheeting and gold ornaments, pearls, green jade and glass, a sepulchral crown, bronze figures and tombstone reliefs. Ends Jan 13.

Bonn, Rheinisches Landesmuseum, 14 Colmantstrasse: a touring show with 40 lithographs, and documents by Sonia Delaunay, a French artist of Russian extraction. Ends Dec 12.

Cologne, Römisch-Germanisches Museum: The Treasures of San Marco has arrived. Forty-three pieces representing the best of antique, Islamic, Byzantine and occidental art from the world's biggest church treasure. Ends Jan 27.

Cologne, Kunstverein, 1 Josef-Haubrich-Hof: Works by Helmut Dorner, Lutz Fritsch, Clemens Kaletsch, Axel Lieber, Mechtild Nemeczek, Peter Telljohann and Claude Wall. Ends Jan 6.

Kassel, Kunstverein, 16 Ständeplatz: 250 watercolours by 30 artists including Georg Baselitz, Joseph Beuys, A. R. Penck, Gerhard Richter and Günther Uecker.

Cologne, Museum für Ostasiatische Kunst, 100 Universitätsstrasse: The Museum of Far Eastern Art is showing Korean art, some of which is more than 5,000 years old. It includes storage jars, bronze and stone weapons, gold sheeting and ornaments, pearls, jade and glass, bronze figures and tombstones reliefs. Ends Jan 13.

LONDON

The Royal Academy: Modern Masters from the Thyssen-Bornemisza Collection - a remarkable run through the history of western painting in the past 100 years or so. It reflects, as it must, the collector's taste and prejudices. But these are tempered by an admirable catholicity of interest, which can accomodate quite happily impressionism with surrealism abstract expressionism with constructivism, realism with cubism. We begin with Corot and Degas and end with Bacon, Freud and Giacometti, with Pollock, Picasso, Mondriano, Beckmann, and so many others in between. Ends Dec 19.

The Hayward Gallery: The Drawings and Sculpture of Matisse. The Arts Council has brought together two major exhibitions, each of which deals with a major aspect of Matisse's work. But though both are to got on elsewhere, they are not to do so as one: which makes their London showing an opportunity not to be missed. The entire sculptural *oeuvre* is shown, 69 bronzes in all (it goes on to Leeds in the New Year), for the first time in this country; and the selection of drawings represents the largest retrospective study ever to be seen in London or New York (it goes to the Museum of Modern Art in the spring) of this fundamental preoccupation. It is a delightful, at times surprising and always an enlightening conjunction, most useful for the insight into the relation between his sculpture and drawing in the earliest years of the century, the crucial period of his first maturity. The clear hint is that if the painting of Matisse was qualified and informed by the drawing, so, in that sculpture that gave the drawing its radical freedom and simplicity. Ends Jan 6.

Annely Juda Fine Art (Tottenham Mews, W 1): Constructivism - once again Mrs Juda has put together a definitive study of the abstract and related movements of the earlier decades of this century. And this latest exercise has a particular significance, for it treats the practical connection, the critical importance of which has only lately been recognised, between Dada with its figurative base and its inclination towards the surreal and the more formal and technical preoccupations of constructivism. The catalogue alone is a major contribution to scholarship in the field.

The Tate Gallery: George Stubbs - the critical rehabilitation of our greatest horse painter continues with this magnificent exhibition, which clearly proposes him not only as our preeminent artist of the 18th century but as second only to Turner. The fact that we still designate him Horse Painter is at the root of the problem, for his popularity on that count, and his inclination to specialise, have long conspired to disguise the fact that a painter of horses may as well be a great artist as a painter of landscapes, or people for that matter. Ends Jan 6.

PARIS

The Influence of French and Italian schools and fidelity to their national inspiration, the fascination with reality and romantic idealism, produced two contradictory tendencies in German painting in the second half of the 19th century. On the one hand, Arnold Böcklin, the symbolist, continues to meditate and dream of poetry and mythology. On the other hand the violence of colours of the New Realists announces 20th-Century Expressionism. Petit Palais, closed Mon. Ends Jan 13 (265.12.73).

NEW YORK

Metropolitan Museum of Art: Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

Van Gogh in Arles (Metropolitan): The first important exhibit to catalogue the annus mirabilis in 1888-89 when Van Gogh was inspired by the South of France is covered in 146 works, including paintings, drawings and letters. Special ticketing with specified entry times reflects anticipated crowds of up to half a million. Ends Dec 30 (570 3970).

WASHINGTON

National Gallery: Old Master Drawing from the Albertina, celebrating two centuries of Austro-American relations. Includes Dürer's Praying Hands among the 75 works by Fragonard, Rembrandt, Pieter Bruegel the Elder, Lucas Cranach the Younger, and others. Ends Jan 13.

Hirshhorn: The entire third floor of the gallery will be filled with 157 works of painting, sculpture, constructions and installations done in the past decade by 147 artists in celebration of the museum's 10th anniversary. Ends Jan 6.

TOKYO

Contemporary Japanese Art, the annual exhibition known as the Nitten (the largest in Japan) of contemporary art over the last two decades, includes works by Japan's new generation of artists. Tokyo Metropolitan Art Museum, Ueno Park (close to the National Museum). A visit provides both an interesting art experience and the opportunity to sample a Tokyo autumn in one of the city's largest parks. Enjoy lunch in the open between exhibitions, view the autumn leaves and observe Tokyo families at play. Ends Dec 16.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

A publishing bonanza

Bernard Simon on Canadians' growing interest in business matters

CANADIAN newspaper and magazine publishers—and some foreign ones too—have found a pot of gold among the country's business community. So active have they been in launching new titles with an economic, financial or corporate flavour that some advertising agencies are wondering whether the pot is big enough to accommodate them all.

The rush to provide more business news and attract more business-oriented advertising stems partly from the overall improvement in the North American economy since 1982 and the growing interest of Canadians in money matters—which mirrors a trend in many other parts of the world.

Total advertising budgets in Canada are estimated to have risen by 10 to 15 per cent a year recently, and business advertising has grown much faster. Even media not wholly dependent on advertising revenues are climbing on the business news bandwagon. The state-controlled Canadian Broadcasting Corporation plans to launch a regular, business-oriented television show soon, to be known as "Venture."

Advertisers' preference for directing their spending to specific target markets has encouraged a growing demand for space in specialised magazines or special interest sections of Canadian newspapers. The country's biggest daily paper, the Toronto Star (circulation 0.5m), started a separate business section three years ago, which has expanded from a weekly to a six-days-a-week feature. Advertising revenues for the business section are 96 per cent higher so far this year than in 1983.

At first glance, the Canadian business reader is already well catered for. The country's national daily, the Globe and Mail, publishes a "report on business" supplement running to an average of 24 broadsheet pages a day. Other dailies have several pages of business news. There are two weekly financial newspapers distributed nationally, and a variety of monthly business magazines.

Several publishers are confident that the market for readers and advertising is by no means saturated. Canadian business publications' share of total media advertising was a modest 2.8 per cent last year.

Canasus Publications of Winnipeg, which produces regional business magazines in eight of Canada's ten provinces, is studying the feasibility of a series of tabloid newspapers in metropolitan areas outside the main centres like Toronto and Montreal.

Increasingly keen competition among banks and other financial institutions has pushed up their advertising budgets, as well as generated greater public interest in personal finance. Two new investment-oriented monthly magazines are currently being launched. One is a glossy insert in the weekly Financial Times of Canada (circulation 101,000), the smaller of the two weekly financial papers.

The biggest battle for readers and advertisers will probably only begin in 1985. The Globe and Mail, owned by Thomson newspapers, announced recently that the report on business will be supplemented early next year by a "Report on Business magazine" to be distributed free with the daily paper 10 times a year.

Waiting in the wings is Maclean Hunter, one of Canada's leading publishing groups whose titles include the weekly Financial Post (circulation 194,000). The Post was outflanked by Globe and Mail's decision in the mid-1960s to publish its daily report on business. It is now considering launching a daily, financial newspaper

No one is sure at this stage whether the market will support all these new titles. An extra dimension has been added by Newsweek's recent decision to launch a locally-printed Canadian advertising edition, whose revenue sources are bound to overlap with local business and financial publications.

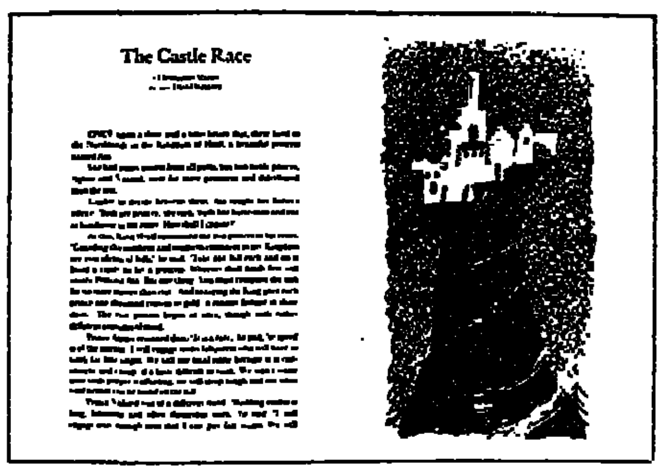
There is already some evidence that the market is not big enough for everyone. Quest, an up-market general interest magazine which expanded its business coverage earlier this year, is closing soon after publishing for 21 years. Even the Globe and Mail reports a slowdown in advertising since the end of October.

Canadian publishers have one big advantage over their foreign-based rivals: government protection. Advertisers' spending in foreign publications is not tax-deductible, and Canadian customs are empowered to seize imported periodicals (excluding newspapers) with more than 5 per cent of their advertisements directed specifically at Canadian consumers.

Corporate campaign

Not like an ad at all

Volvo has started to write its own fables. Feona McEwan reports



WHEN DOES an ad not look like an ad? When it's a Volvo corporate ad is one answer. Coming shortly is a corporat campaign, its first ever, that looks set to break moulds."

Industry commentator David Bernstein would no doubt approve of Volvo's innovation, though. In his latest book, Company Image and Reality, he cocks a snook at the bulk of corporate advertising that "takes the similarities between companies and minimises them." This, Mr Bernstein, could be the exception that proves the rule.

At first glance, the three-page full-length ads with one illustration—in colour—in big print looks like a child's story that has strayed onto the business pages by accident. And yet . . . those small caps at the end give the name away. Volvo, it says, ever so discreetly.

So what's it all about? "Once upon a time, and a time before that there lived in the Northland in the Kingdom of Hrolf, a beautiful princess named Asa." None the wiser, you read and reread. Which of course is the idea.

There are three fables planned so far, each one startlingly illustrated by artists of no small repute—the first by David Hockney, no less, and the first time he has been commissioned to illustrate an ad, Elisabeth Frink and Jennifer Bartlett. The copywriter is Christopher Martin.

It was Volvo which stipulated that the campaign should be highly original and "not like an ad." The idea of fables, being the oldest form of communicating values and morals, appealed as an unusual vehicle for conveying qualities with which the company likes to associate itself. These include quality (hence top artists), leadership (Volvo swims against the tide, producing cumbersome heavyweight vehicles when others are opting for lighter smaller cars), and safety (the first in the world to instal three point safety belts as standard, to introduce laminated windescreen crumple zones, head restraints and rear facing child seats).

In tandem with the fables and in direct contrast to them will be smaller eighth page ads (in table format and arresting blue in colour) as blatant as the fables are abstruse. They will list important financial facts and product figures.

Target audience is the international business community, especially those involved in investment decisions, Volvo's customers worldwide, and the general public.

The reason for the venture into corporate waters signals the company's recent escalating diversification, according to head of corporate affairs, Bo Ekman in Gothenburg. "Especially over the past five years we have become much more than an automotive company [90 per cent of cars are exported, constituting 11 per cent of Sweden's export trade]. Volvo now has interests in energy and food, for instance. Markets, too, are more international and in financial terms the company is represented on the stock exchanges in London, Paris, New York, Frankfurt, Oslo, and Paris. Many people now have an interest in Volvo," he says. "We think it's time to broaden our image."

Initially the budget is £3m internationally, which is "a fraction" of the product advertising spend and there's a possible rise to £9m or £10m in the next 14 months if response is favourable.

The campaign, which is devised by the London office of agency TBWA, is due to break in 14 countries around the world from North America to Scandinavia and Australia by the end of the month.

How to stand out in a crowd

John Davies explains how NordLB believes it can promote its individual qualities

Cartoon figures have been used by NordLB to create a fantasy effect. The above depicts North Germans as "unruffled"

"A LOT of bank advertising is interchangeable. You could swap the names of banks on their advertisements and it would make no difference."

Some bankers, and their advertising agencies, might hotly dispute this claim by Detlef Marquardt, publicity director of Norddeutsche Landsbank, in West Germany. But his own bank is intent on setting itself apart from the rest with a four-year campaign to highlight characteristics which it sees as deeply rooted among northern Germans and to illustrate how they show up in the bank's approach to business.

It's all a bit tongue-in-cheek—employing cartoon characters to put across a message of decisiveness, dependability and other characteristics—but the intent is serious. The struggle to defend market share is tough. The "big three" commercial banks, Deutsche, Dresdner and jockeying with each other for business all over the country; they also contend with a pack of regional, private, publicly-owned, co-operative and foreign banks snapping at their heels and jostling with each other.

Under chief executive Dr Bernd Thiermann (who took over three years ago at the age of 38 and who is one of the youngest top bankers in Europe) the bank has consolidated its recovery from financial problems which beset it in the early 1970s.

In the scramble to get attention, the banks are sizeable Commerzbank, are not only advertisers. Last year their total advertising spend in the "classic" print media was DM 360m (£100m)—twice as much as soap powder manufacturers. Much of the advertising is conservative and the banks labour under the problem of their being few services which are genuinely unique.

In this melee of interchangeable advertising, executives of NordLB (as it is known) have been asking themselves how they can devise a way to stand out from the crowd. To date, its advertising has concentrated on making known its identity (NordLB arose from a merger of four banks in 1970) and highlight its services. Now, it aims to establish a sharper profile and emphasise its strong attachment to its home base of Northern Germany. Its campaign, started in October, is nationwide, not just regional, and targets include top decision makers in large companies with a view to establishing links with companies that might benefit the region.

One of NordLB's advertisements, depicting figures running with ladders, proclaims: "The North German way of being there when needed." Another, showing a figure tossing bricks onto a rapidly growing wall, declares: "The North German way of acting decisively." A third depicts chess figures, including one unperturbed figure with arms folded, and declares: "The North German way of being unruffled."

Cartoon figures have been deliberately used to create a fantasy effect. The bank believes such illustrations can focus more readily on ideas and produce a more sympathetic image. The advertising campaign is being handled by Grey of Dusseldorf, the country's fifth largest agency, with the spend being a relatively small DM 3.5m a year (though a sharp increase on this year's figure of DM 1.2m).

Senior bank officials, particularly Thiemann, have been closely involved with the campaign. "A lot depends on whether you work in close partnership with your agency," says Marquardt.

The advertising, which will build up in the New Year, is being placed in quality newspapers and magazines with a national readership, including Handelsblatt, the Frankfurter Allgemeine Zeitung, Die Zeit, Der Spiegel and Wirtschaftswoche, as well as some regional northern German publications.

TECHNOLOGY

EDITED BY ALAN CANE

THE RACE IS ON TO LAUNCH HEART ATTACK TREATMENT

Heartbeat away from drug success

BY STEPHANIE YANCHINSKI

THE RACE to be the first to market a new treatment for heart attacks made by genetic engineering quickened with the announcement of the first successful tests of tissue plasminogen activator (TPA) in man.

Late last month the American Heart Association heard how a gene-spliced TPA made by Genentech Inc. and administered intravenously, effectively stopped heart attacks in 35 of 49 patients.

This successful result appears to put the San Francisco-based genetic engineering company ahead of a clutch of rivals, which includes Cetus, Biogen, and many of the world's major pharmaceutical companies.

Plasminogen activators are enzymes which trigger a series of events leading to the break up of clots

However, Britain's Burrough's Wellcome believes it already has the technology to put the manufacture of tissue plasminogen activator on a commercial scale, which eventually could put it in front of Genentech.

Its technique depends on growing vast numbers of animal cells in a large fermenter. This is a much harder task than culturing bacteria, which still underpins most of the biotechnology processes, and is a technology in which Britain has an acknowledged lead.

Plasminogen activators are enzymes which trigger a series of events leading to the breakup of blood clots. They are especially important in coronary arteries. Over 90 per cent of heart attacks are caused by blood clots clogging the coronary arteries at the site of build up of fatty deposits (plaques). Evidence suggests that plasminogen activators, of which TPA is just one, could not only stop attacks but also improve the working of the heart and the overall chances of long-term survival.

The best known plasminogen activator, already in use for dissolving blood clots in the lungs, is streptokinase. But this is derived from a bacterium and so can cause immunologic disturbances. Another, urokinase, is extracted from human urine, but very expensive to prepare. A complete course of treatment can cost £5,000 using enzyme extracted from 5,000 litres of urine.

TPA acts only at the site of the clot, while streptokinase and urokinase attack proteins involved in an earlier stage of the clotting "cascade" of events. These proteins can occur anywhere in the circulation, so treatment with these activators may lead to haemorrhages unless carefully controlled by highly skilled personnel. In contrast, TPA can be more simply administered by injections in the vein.

Little was known about tissue plasminogen activator until Dr Desire Collen, a clinical researcher at the University of Leuven, Belgium, isolated the rather large molecule as a natural component of many tissues of the body. TPA also occurs in certain cancers.

Until now, these tissue cultures were the main source of TPA for research but only small amounts were available until the advent of genetic engineering.

Genentech derived the gene coding for TPA from human melanoma, a type of skin cancer, but the company has probably turned to other gene spliced cells, which remain a proprietary secret, for production.

Tissue plasminogen activator is one of Genentech's priority products essential to its future. Such anti-clotting agents could find uses not only in treating clots in the heart vessels but also in the lungs and peripheral blood vessels. The total market is estimated to be worth between $150m and $300m a year in the U.S. alone.

Wellcome Biotechnology, a subsidiary of Burroughs Wellcome, is producing TPA in gene spliced Chinese hamster cells. Wellcome's Dr John Beale says the cells in the company's pilot plant recently showed a 10-fold increase in yield.

However, he believes that the real advantage that Wellcome possesses lies in its "deep cell culture" technology. This was a natural extension of the company's long experience, as one of the world's foremost vaccine producers, growing large amounts of animal cells in tissue culture. Because of this expertise, Beale believes Genentech's lead is only a matter of months, and clinical trials are planned to start next year.

Although most of the process is a commercial secret, Dr Norman Finter, head of Wellcome's cell culture unit, claims that "only a handful in the world can think of growing animal cells in amounts as large as 1,000 litres" whereas Wellcome is already producing another product of genetic engineering, alpha interferon, in 8,000 litre batches. "By getting a lot of little things right," says Finter, "and in particular, by rigidly controlling sterility cells can be kept producing a highly active product for months at a time.

The company is also spending millions of pounds to complete the final phases of construction of an enormous production facility for its biotechnology products, containing many such 8,000 litre vessels.

Anti-clotting agents could find uses not only in treating clots in heart vessels but also in the lungs and peripheral blood vessels.

Wellcome is not the only British company interested in TPA. Celltech and Cambridge Life Sciences are also perfecting techniques for growing large quantities of mammalian cells for producing TPA, in which they also have a technological lead.

FACTORY SOFTWARE

How to automate plant information

RUNNING AS a horse of yet another colour, the IBM personal computer is now being offered by a new company, CAMM Technology, as a workstation for monitoring and analysing plant data, and in small scale applications, for process control.

CAMM Technology (it stands for computer-aided manufacturing and management) is a new subsidiary of the Eurotherm International Group and was formed as a joint venture with Centec Corporation of the U.S., which developed the system.

Using standard serial interfaces, data is collected from items like sensors and programmed logic controllers and is logged to disk storage. On demand, it can be analysed and seen in graphical form using analytical spreadsheet and graphics programs called Cammcalc and Cammgraph.

Networks of the workstations can be set up, allowing the values collected to be made available simultaneously to various management departments.

An additional benefit is that the workstation can be used by factory management as a conventional personal computer.

Managing director Philip Ingham believes the CAMM Technology system provides a much-needed link between the process control room in larger plants and non-process management who need access to the data for financial, administrative, marketing, or other purposes. "Normally," says Ingham, "they would not be allowed through the control room door."

In smaller-scale applications, the work station can be used as a supervisory unit—in the control of a number of plastic extrusion machines for example.

There are three software options. Cammlog, for example, requests and stores data from the monitored process and continues to run when the workstation is being used for other functions like word processing. The company can match the protocol of process equipment from Allen Bradley, U.S. General Electric, Westinghouse, Gould Modicom, the Eurotherm Group, and Analogic.

Cammcalc provides the usual spreadsheet facilities like windowing and consolidation. It can also recover values from the Cammlog files and make comparisons, take averages, and otherwise manipulate the data. Optionally, the data can be presented in graphical form.

Cammgraph allows the plant to be constructed and viewed on the screen, with directly superimposed sensor values in numeric or representational form. Displayed features can be made to changes according to incoming sensor values. For example, the display can be made to zoom in on a section of the plant diagram if there is an unexpected deviation in that region.

CAMM workstations cost from £7,683; volume and OEM discounts are available. More on 0903 208241.

ALAN CANE

Communications

Telex system

THE INTERFAX Python telex management system has been used in a recently launched Office Information System from Wang. Python was designed specifically to offer the OIS user a versatile, low cost telex system. It recently obtained type approval from British Telecom for connection to the new single channel voice frequency lines.

Early next year Interfax Business Machines plans to launch a complete personal telex system for IBM personal computer users. Systems are already available for Apple, ACT and larger IBM computers. More on 01 378 7421.

Metals

Foundry at Fords

FORD HAS spent £7m on the installation of an improved foundry system at its Leamington plant which makes brake discs and drums, gear box castings, bearing caps, flywheels and exhaust manifolds.

The company has opted for a new casting system called vertical flaskless moulding which is capable of producing 720 moulds an hour. The equipment makes a sand mould without the need for a retaining flask as in conventional foundry moulding with an added advantage that both sides of the mould can be used to produce an impression.

European centre

IBM IS to set up a computer facility at its Rome scientific centre which will be available to European university scientists. Its main use will be for experimental work in computation intensive science and engineering research.

IBM's move is an attempt to show its commitment to Europe and its wish to be considered as a company with strong interests in the region.

Ready by 1985, the facility will have 12 large computers arranged for high speed computing. The network can also link into the European Academic and Research Network which already links more than 100 university computers in Europe since its launch last February. This system is designed to encourage the exchange of scientific information within 12 countries including Norway, Spain, West Germany, Sweden and the UK.

IBM's facility will hold 15 on-site visiting researchers at any one time to carry out computational work in, for example quantum chemistry, biology, hydrodynamics, aeronautics and weather forecasting.

Solar power project in the UK

IN THE rather uncertain British climate operates a 30kW solar photovoltaic plant. Built by BP Solar Power, the £1m project is unusual in that it feeds power into the electricity grid.

The plant, which has been operating at Marchwood near Southampton, for over a year was built by the company to prove that a photovoltaic power plant can operate reliably even in the vagaries of the British weather. Its main purpose is also to show that the young BP subsidiary does have technology which can match world competitors.

The plant has 960 solar cells each of which when struck by light rays generate a small amount of electricity. Between 10 and 12 per cent of incident light falling onto the cell is turned directly into an electrical current.

The plant is controlled by a sophisticated computer monitoring system which measures, collects and processes information related to operating margins and environmental conditions. BP will use the information to develop solar electricity for the developing world.

In the British climate, however, the plant is not always operating. The solar panels have to produce a constant supply of energy for two minutes before it is linked into the grid system. In the UK solar power does have application in combined power systems such as diesel/solar systems where one power source can take over from another depending on the prevailing conditions.

BP Solar has been successful in export markets in the last two years with sales of solar systems to power telecommunications and railway signals in Africa, for example. One of its major projects was to develop a solar powered refrigerator to cool vaccines in hot climates. This is undergoing field trails by the World Health Organisation which sees applications in many developing countries.

ELAINE WILLIAMS

Databases for academics

ACADEMIC ORGANISATIONS are joining forces with commercial groups in setting up a computerised data base with details of university and polytechnic research activities.

When work on establishing the scheme finishes at the end of next year, companies and other interested organisations will dial up a computer in Fife to find out whether educational bodies are doing work relevant to their needs.

The scheme, backed by the Department of Trade and Industry, Science and Engineering Research Council and Confederation of British Industry, is designed to foster stronger links between universities and polytechnics and the world of commerce.

The data base will be established by Cartermill Publishing, which is based at the Technology Centre at St Andrews University in Fife. Dr Malcolm Bain, of the university's computer department, has been seconded to Cartermill to oversee the compilation of the information.

Cash for the venture has come from the Longman Group, Electra Investment Trust and the Scottish Development Agency.

The data base will initially be based on a DEC VAX computer at St Andrews' computer department. Cartermill will eventually put the information on its own computer.

Life sciences, physical sciences, medicine, biotechnology, electronics and engineering are among the subjects that will be covered by the new venture.

Access to the information will be obtained in the same ways as with other on-line information sources—for instance via the ordinary telephone network or British Telecom's packet-switched data service.

PETER MARSH

Paper testing

AN AUTOMATED laboratory for paper testing of newsprint is under construction by Shotton Paper in North Wales. The system can test paper characteristics such as thickness, porosity, optical properties, tensile strength and wear automatically under the control of a microcomputer. The mill will begin operation in mid-1985 and the test system is being supplied by the George Meller Company based in London.

JOBS COLUMN

Bankers hit back on high pay differentials

BY MICHAEL DIXON

ARE the City of London's higher grade banking staff paid too much for the good of Britain's economy as a whole? A number of readers have taken up cudgels on the issue during the fortnight since I reported the Jonathan Wren recruitment consultancy's latest survey of the salaries being paid to London bankers at the time when they apply through the consultancy for new jobs.

The survey of the applicants showed that there were no fewer than 36 different kinds of banking job in which the average salary of the staff concerned was higher than the £19,101 average among engineering managers ranked immediately below director level, as shown by Remuneration Economics' latest survey of engineers in Britain. Moreover, in 25 of those banking jobs the average salary was above the £24,606 for engineering directors in industry.

My comment was that even though the two surveys were compiled on different bases and so not fully comparable, they still constituted evidence of wide discrepancies between the rewards of bankers and engineers working at similar levels of responsibility. And I asked whether such a pronounced difference could be good for a country:

"... whose prospects, if we are to believe most political and other pundits depend heavily on an industrial revival? While manufacturing progress is only part of what is needed, it seems likely that service industry developments will need to be based on widgets and systems which in turn depend on an increased supply of creative as well as highly skilled engineers."

(I apologise for quoting myself—a practice which, in a journalist, is akin to selling wet coke. But it seemed the best way of providing the necessary context for the comments made by the readers. I'm sorry also that I haven't enough room to cite them all.)

One anxiety shared by most of them, and expressed most forcefully by Noel de Berry of the banking consultants Noel Alexander Associates, is that my report two weeks ago might "add fuel to the already misleading impression that London is full of opulent bankers, clearly over paid at the expense of lesser paid more hard working members of society."

Mr de Berry evidently feels that I failed to give sufficient emphasis to two things. The first is that the high average salaries shown by the Wren survey for the 36 different banking jobs are not all corroborated by other research findings. The second is that the high figures cited do not refer to the general state of pay among even the 190,000 bank staff in Greater London, let alone among the 387,000-plus employed in banking throughout the UK. The figures refer only to a "rare breed."

"That is to say those employed in the international and merchant banking sections of British and foreign banks located largely in the City and its satellite areas nearby, which involves no more than 80,000 banking staff of all grades," Mr de Berry says. He then argues that this group "is not fairly compared to any other profession working in the UK."

"For instance, many London bankers are expatriates from economies and salary structures very different from our own, who come here to the centre of international banking to work in an oasis-like environment (which itself provides prosperity for the land around) made up of over 300 foreign operating commercial banks, 160 foreign representative offices and nearly 200 foreign investment banks and security houses, together with over 50 British international and merchant banking institutions.

"To compete, resident London banks must pay high salaries for special expertise and knowledge of world capital and currency markets. If they did not do this the London market would not be what it is—a unique and highly profitable business centre, most beneficial to the UK economy. The cream of international banking would be drawn away to other centres more readily than at present; as it is, some such centres pay more highly than London."

Figures

That argument is endorsed, with some illustrative figures, by the other reader I am going to quote: Vernon Moore, a banker who worked in London before moving some years ago to Hong Kong.

"To me the salaries you quote look low," he writes. "An international banker outside London, aged mid-30s to 40, would expect to earn the equivalent of £90,000 if he was really good. The bank I am with would pay him about £50,000 if he transferred back to the UK. This seems to give broad support to your figures."

The evidence that other countries set a higher value on easily transferable banking skills, and so are liable to lure away Britain's best performers to the detriment of our banking sector and balance of payments, strikes Mr Moore as deserving greater concern than the fact that a relatively small group of bankers here are paid a good deal higher than the rest of the British workforce.

"What one says to the engineer I do not know, but it seems to me that their low pay is a graphic illustration of how poor Britain has become in relation to other countries," he adds. "The sad thing is that people I speak to do not seem to realise the degree of it."

That last comment will bring a profound "Hear, hear!" from at least one member of the UK Cabinet. Sir Keith Joseph, the Education Secretary, was saying the other day that teachers' unions which complain to him that their members are paid markedly less than their counterparts in other industrially developed countries, do not seem to appreciate that the same applies not just to teachers but to pretty well all kinds of skilled workers.

Even so, a greater public awareness of how poor Britain has become by the standards of comparable nations would not in itself solve the problem of how our relative decline can be reversed.

Vernon Moore, for his part, thinks it "most unlikely" that things will be changed by the industrial revival that I talked about. While it would help if people in this country worked at the same pace as their equivalents elsewhere, he thinks, our best hope lies in the provision of services such as now "drive the most dynamic large economies of the world."

Perhaps so. But apart from banking, there do not seem to be many other kinds of service in which Britain is currently equipped to compete successfully in the world's top league. And given that the services likely to be in demand will need increasingly to be based on advanced technological developments, this country's ability to compete for that demand will still depend on an increased supply of creative and highly skilled engineers.

How we as a society can best set about achieving the necessary increase is admittedly a complex and deep seated question. But with all due respect to the banking fraternity, I doubt that the task is likely to become any easier when enterprising young people can clearly see that devoting their energies to acquiring expertise in handling money will be far more materially rewarding than becoming expert in designing, making and marketing things.

Nor will it help Britain's prospects of a return to general prosperity if any of us—including well paid bankers—just go on averting our gaze from the problem in the hope that it will solve itself.

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SHEPHERD, LITTLE & WEBSTER LTD.,

Banking and Financial Recruitment Consultants

CREDIT ANALYSIS to £13,000

Opportunities exist with two major City banks; one a large European name, offering a position to an experienced analyst as assistant to one of their Marketing Officers, the other is with a well known Merchant bank, who are recruiting for a newly created senior post within their credit administration area.

Please contact David Little

ACCOUNTS ASSISTANT c£14,000

An opportunity has arisen with the Merchant banking arm of an International bank for an Assistant to the Accountant. Ideal applicants will be in the age range 28/38 and possess previous banking experience preferably incorporating Capital Markets knowledge. This is an expanding department and future prospects are assured.

Please contact Brenda Shepherd

INTERNATIONAL AUDIT to £15,000

A major U.S. Commercial bank, with its international inspection team based in London, is seeking an experienced Auditor/Junior Inspector with some banking experience.

Ideally aged between 25 and 32, single and with an outgoing personality the successful candidate will be taking a position, possibly as team leader, that will involve a great deal of worldwide travel.

Please contact David Little

Ridgway House, 41/42 King William Street, London EC4R 9EN
626 1161

PORTFOLIO MANAGEMENT

A prestigious new appointment in an expanding business sector

The rapid growth of the private client investment portfolio managed by Credit Suisse in London, demands that we now add a further specialist to our dynamic team.

If your curriculum vitae already features at least 5 years' experience in portfolio management, gained with an international bank or investment company, and includes exposure to both the UK equities and other principal stock markets, this new appointment promises the opportunity to make a major contribution to the continuing expansion of this key business sector: basis for rapid professional development within this, one of the world's most highly respected banking institutions.

A most attractive remuneration package will be negotiated.

Please forward your CV to Head of Personnel, Credit Suisse, P.O. Box 144, 24 Bishopsgate, London EC2N 4BQ.

CS CREDIT SUISSE

Financial Futures

Exciting Marketing opportunity

CITIFUTURES, a market leader in a rapidly growing financial sector, is expanding its marketing activities. This exciting development has created an immediate opportunity for an ambitious professional who is keen to be a member of a highly successful team. Based in London, you will be marketing financial futures to institutions principally in Europe.

In your late 20's or early 30's you will ideally have two years' experience of the futures exchanges and the underlying cash markets. Applicants with related experience in an associated field will also be considered. The successful candidate will be expected to identify and develop new business relationships. Facility in a language, other than English, would be a distinct advantage.

An attractive compensation package, with the usual bank benefits, will fully reflect your experience and qualifications.

Please write with personal and career details to Ms Jamie Bloom, Personnel Officer, Citicorp International Bank Limited, 335 Strand, London WC2R 1LS.

CITICORP

Investment Management in Scotland

Martin Currie, a leading independent investment management firm, based in Edinburgh, require an experienced Investment Manager to join their team at a senior level.

The successful applicant will initially join the UK specialist investment team and will report to the partner in charge. The position envisaged will enable the right person to progress to partnership level within this growing firm and this will present challenging opportunities in:

- managing discretionary money
- servicing existing clients
- marketing Martin Currie services to potential clients

Ideally, candidates (either male or female) will be aged 30-40 years and will have a proven record and experience in portfolio management.

If you are interested, please write enclosing a full c.v. to P.J. Scott Plummer, Martin Currie & Co., 29 Charlotte Square, Edinburgh EH2 4HA.

MARTIN CURRIE The Independent Investment Managers

Successful Merchant Bank £40-70,000 p.a.

Australia Corporate Finance

The merchant banking and banking field in Australia is currently at an exciting stage of change and development. We represent one of Australia's leading merchant banks who have an enviable record of profit and achievement.

Their Corporate Advisory Division has enjoyed considerable success and as a result of promotion within the Group there is now a need for two high calibre executives for their Sydney Head Office.

The first role will be to head up the Corporate Advisory Division responsible to the Chief Executive and the second will be to support and work closely with the Head of the Division.

Candidates should be corporate finance specialists with sound experience of mergers, acquisitions and restructurings. Particular emphasis will be placed on marketing skills and communication ability. Whilst a knowledge of the Australian corporate market would be advantageous, applicants will obviously need to be highly motivated and easily able to adapt to the Australian environment.

The prospects are significant and the remuneration will be structured in the most effective and attractive manner possible including generous relocation expenses.

Interested applicants are invited to write or telephone Keith Fisher, quoting Ref. 598, at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Telephone: 01-248 0355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

British Steel Corporation Pension Fund

Manager, UK Securities

This key position—which reports directly to the Pensions Investments Manager—is responsible for the UK equities and fixed interest investments portfolio, which has a total value of £1,500m within a fund whose overall value is £2,500m. Annual cash flow is £100m. The job carries wide operational discretion as well as the opportunity to contribute towards the formulation of investment policy.

Applications are invited from individuals with at least ten years experience with a pension fund, stockbroking firm or financial institution. This experience must include a substantial background in UK securities.

Located close to Victoria Station, this appointment will attract a salary compatible with its senior status. Excellent conditions include a company car.

Please write, enclosing a CV summarising your career, and detailing your current reward package, to:

**Manager,
Management Development & Selection
British Steel Corporation,
9 Albert Embankment,
London, SE1 7SN.**

The company is part of The First National Bank of Boston, Massachusetts, USA, and has recently commenced business providing working capital to small and medium-sized companies in the UK. We are currently seeking the following personnel to join our team on the ground floor of this exciting new venture. Suitable candidates will be extremely self-motivated, financially orientated and have a strong desire to succeed in an environment where high achievement brings high rewards and excellent opportunities for advancement.

Business Development Managers—Banking

London Based

Age indicator 25—35 years

Experience of negotiating loans at board level is essential, as is a strong background in Credit and Financial Analysis. Preference will be given to people of degree standard, perhaps with a professional qualification. Top salaries will be paid for the positions.

In addition to company cars, these positions carry a range of other fringe benefits, including mortgage subsidy, free health and life assurance. Relocation assistance will be given if necessary.

Please write with c.v. to:
Neil Livingston, Marketing Director
Spencer House, 23 Sheen Road, Richmond, Surrey TW9 1BG

1784

BOSTON FINANCIAL
COMPANY LIMITED

F/X DEALERS

Our client, the U.K. Subsidiary of a leading North European Banking Institution, is seeking to fill the following two vacancies in their expanding Dealing Room:

—DEALER

Salary c£15,000 plus Banking Benefits

Experienced in Spot and Forward European currencies with the emphasis on Scandinavian. Age mid 20's, must be fluent in English, Swedish and German.

TRAINEE FX/DEPOSIT DEALER

Salary c£10,000 plus Banking Benefits

With previous general banking experience. Must be fluent in Swedish and one other continental language.

Applications quoting Ref: TDW/FT and enclosing C.V. should be addressed in confidence to David Williams, Jonathan Wren & Co., Ltd. 170 Bishopsgate, EC2M 4LX: Telephone 01-623 1266

Jonathan Wren
BANKING APPOINTMENTS

Accountancy Appointments

Financial Controller

Computer Services

Herts/Bucks border
c.£20,000 + car & benefits

This fast-growing profitable company leads the market in providing specialist support to mainframe users. With USM quotation imminent, a positive and energetic Financial Controller is now required to play a key role in further expansion. For the successful candidate, confirmation as Financial Director is likely within 6 months.

This new appointment will be wide-ranging and will cover every aspect of financial management from the preparation of accounts to the development of strategic plans. An informed input to commercial decisions will also be required.

Candidates should be qualified accountants aged 26-32, preferably graduates trained with a major professional firm. A minimum of two years' commercial experience is required, and this ideally should have been gained in a small, growth-oriented company. Particularly important is evidence of success in financial accounting and in developing management information systems. Essential personal qualities include flexibility, a confident manner and strong communication skills.

Please send full personal and career details in confidence to Mark Birchenhough, quoting reference 1406/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Financial Controller

S.Coast **c.£20,000+car**

A substantial and growing firm of *Solicitors on the south coast offer* a challenging opportunity to a qualified accountant with extensive computer experience to join their head office as Financial Controller.

Reporting primarily to the Senior Partner, the person filling this new post will be responsible for the smooth running of the firm's financial management on a day to day basis, including the preparation, updating and monitoring of budgets and cash forecasts. Responsibility will also include the further development of the firm's computerised accounting and time recording systems and micro technology. The Financial Controller will be expected to attend meetings of the Partners and the Management Committee, and to contribute substantially to the management of the firm.

Applicants, probably aged 35-45 and preferably qualified FCA, must have a good professional background, probably gained in a legal or partnership environment, with up-to-date experience of mini and micro-computer technology. The salary is negotiable around £20,000 p.a. plus a full benefits package.

Please write in confidence, with full career details and quoting reference 3034/L, to J. W. Hills, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4P 3PD.

PEAT MARWICK

Insurance Analyst

Stockbroking

North West **£Excellent**

Our client is a leading provincial stockbroking firm, based in the North West.

They require an Analyst, preferably with some knowledge of the insurance industry, to join their highly successful research team. Important requirements are the ability to read and interpret balance sheets, to prepare and deliver results both verbally and in writing, to converse at Board level and to develop close relationships with clients.

Applicants may have an accountancy or actuarial background and may currently be working for an investment institution, insurance company or stockbroking firm. Career prospects within the firm are excellent.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation facilities are available and interested applicants should contact **Alan Dickinson,** quoting ref. **6996** on **061-228 0396** at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

International Financial Accountant/Businessman

Knightsbridge **mid to late 20s**

The corporate finance team of a major international group seeks an ambitious FCA, male or female, who has:

- at least two years' post-qualifying experience;
- a general knowledge of international accounting principles;
- an excellent technical knowledge of UK accounting requirements;
- the desire and ability to convert from accountant to businessman or woman.

Responsibilities will include:

- involvement with several overseas subsidiaries;
- accounting for some UK-based divisions;
- year-end procedures;
- group monthly management accounts and annual consolidation;
- close liaison with main board directors.

Benefits are:

- excellent compensation package and benefits;
- substantial career prospects.

Please send brief cv, in confidence, to Peter Greenaway, **Ref: AA/51/8877/FT.**

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SWIX 7LE.
Tel: 01-235 6060 Telex: 27874

Group Financial Controller

CAPITALISE ON YOUR ENERGY AND FLAIR

Creativity, receptiveness to new ideas and the ability to make quick decisions has enabled this privately owned British Group to substantially expand its business activities.

They are now involved in a diverse range of services and retail businesses and total group turnover is around £40 million.

As Group Financial Controller you will be fully responsible for the finance function. Key duties include managing and coordinating the activities of 35 staff, ensuring that accurate financial and management information is produced and contributing to the development of computerised systems.

You are a qualified Chartered Accountant, probably in your thirties, with a sound understanding of integrated management systems and financial control in a computerised environment. You will have experience in managing and motivating staff, possess keen commercial awareness and thrive in an informal yet dynamic atmosphere.

The position is based in South West London and remuneration is negotiable c. £24,000 plus car and company benefits. In the longer term you will develop and extend your responsibilities by taking over some of the current activities of the Group Finance and Administration Director.

To apply, ring, or preferably write, enclosing a cv, to Barbara Lord of Cripps, Sears and Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London, WC1V 6LH. Telephone 01-404 5701.

Cripps, Sears

ACCOUNTANT/OFFICE MANAGER

Required for small group of companies in entertainment industry. Excellent salary, conditions and prospects.

Write with C.V. to: Box A8833, Financial Times 10 Cannon Street London EC4P 4BY

Young ACA Technical Development

City **Package to £18,000 + car**

Known worldwide as one of the City's leading financial Institutions, our client is responding to major changes in legislation. Following recent promotions, they now require a young qualified Accountant to manage and develop key areas of the operation.

Supervising a professional team, you will be responsible for monitoring and analysing their business activities. You will be particularly involved in the interpretation and implementation of the new regulations, and the development of new policies and standards.

Aged 25/30, with a sound technical ability, you should have first class communications skills coupled with a strong reasoned approach to problem solving. You must have gained experience in insurance accounting from a Top 10 firm of Chartered Accountants, and be keen to further your career in an influential environment. Career prospects are excellent.

Please telephone or write to Rebecca Goddard quoting Ref: RG 8824.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-408 1670.

Financial Director

Designate

North Kent **c£20,000 + car**

Our client, a successful medium-sized company, is a manufacturing operation based in North Kent, with a related retail network in S.E. England.

The company's aim is to develop the business, with an emphasis on the retail sector. The financial director designate will be part of the management team whose main task is to ensure the continued profitable development of the business. The job also requires the person to manage the existing accounts department and to install new procedures as required.

The need is for a chartered accountant, in the age range 35 — 50, who can offer a wide variety of accounting experience but who can also demonstrate career stability. Applicants must have some experience of working in a retail environment.

This is a career position with advancement opportunities.

Please write, in confidence, to Michael Ping enclosing a detailed CV, and quoting reference F884P.

Ernst & Whinney Management Consultants
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Systems Accountant

Central London **£14K-£17½K+car**

Our client is a major international British public company involved in the financial sector and in the processing and merchanting of foods and key raw materials. Diversity of interest, both geographically and by product, continues to provide strength to the Group whose operations are well established, expanding, and profitable.

The Group Operations Controller now requires a graduate Chartered Accountant to perform a continuous monitoring and internal audit on all systems of accounting, internal control, and management information at various group subsidiaries operating in the commodities and financial sector both in the UK and overseas.

The post is eminently suitable for an ambitious, resourceful, young person wanting to leave the profession and willing to work in a commercial, unstructured corporate environment where there will be a significant travel element. Computer audit experience is essential and knowledge of the commodity or financial sectors would be an advantage.

The attractive remuneration package includes big company benefits and career prospects are excellent.

Please write, in complete confidence, with full career details and quoting ref. no. 1558 to Mike Hann who is advising on this appointment.

AAD
One Old Bond Street,
London W1X 3TD.
THE ADVERTISED APPOINTMENTS DIVISION OF ODGERS AND CO.

CHIEF ACCOUNTANT

SAUDI ARABIA BASED

Norton Christensen, a wholly owned subsidiary of Norton Company, is a market leader in the manufacturing and supply of diamond coring and drilling bits and downhole drilling equipment to the international oil and gas industry.

Our continued success has resulted in a requirement for an Accountant to be based in our Saudi Arabian Office located close to Dhahran Airport. The position involves providing a full accountancy service for the local company which deals primarily with one large customer/client.

Candidates should be qualified accountants with sound industrial experience. Good personal presentation and the ability to communicate effectively at a senior level are important. Some experience of the Middle East and its customs, although not essential, would be an advantage.

The position will provide valuable practical experience and prospects for career development in Europe, including the UK.

Our excellent compensation package includes a very generous leave schedule and the full advantages of an expatriate assignment. Appointment will be made on a single status. To arrange a local interview in the United Kingdom, please forward your curriculum vitae along with salary requirement, in the strictest confidence to:

Personnel Manager, Norton Christensen Drilling Products, Bradford House, 39a East Street, Epsom, Surrey KT17 1BL.

NORTON CHRISTENSEN *Drilling Products*

FINANCE MANAGER

The Felixstowe Dock & Railway Company is under contract to manage and continue to develop the Port of Fujairah on behalf of the Government of Fujairah. Owing to internal promotion we are seeking to recruit an able Finance Manager to join a highly professional multi-disciplined team to head up the accounts function and provide top-level financial expertise to both the General Manager and the Fujairah Government in respect of the port undertaking. The successful appointee will be expected to develop budgets and corporate plans, undertake cash flow management and capital expenditure appraisal and control. Experience of computer-based systems is essential as is the ability to monitor performance against planned targets.

The position calls for a broadly experienced ACA, ACCA or ACMA with experience in a *developing country.*

The 2 year contract will offer a tax-free package of circa £25,000 and other excellent benefits which include single or family accommodation, company car, medical and educational benefits and 6 weeks leave per year.

Candidates who believe they can meet the above criteria should telephone for an application form which must be returned with a comprehensive c.v. to:

Secretary to Chief of Personnel, Room 309, European House, The Dock, Felixstowe, Suffolk IP11 8TB. Tel: Felixstowe (0394) 604647 (direct line)

Port of Felixstowe

FINANCIAL ANALYST

c. £16,000 + +

A large and still expanding worldwide oil company require a RECENTLY QUALIFIED ACCOUNTANT to join their financial services group. Because of the increased dimension of the business, the successful applicant will be expected to develop expertise in all areas, which will be the key to career advancement; readiness to accept an overseas assignment if requested is also desirable.

For full details phone:
CHRIS WALLSGROVE
01-439 4381
CRAWFORD RECRUITMENT SERVICES

Accountancy Appointments

ASSISTANT GENERAL MANAGER

(CHARTERED ACCOUNTANT)

for

INSURANCE COMPANY

Salary £25,000 per annum + benefits

Our Principals, an International Insurance Group, are seeking to appoint a Chartered Accountant to the position of Assistant General Manager in their UK Head Office based in London. The position is deputy to the Chief Executive and carries a range of responsibilities covering all financial aspects related to an Insurance Company operation, including presentation of DTI Returns, Budget Forecasts, Statistical Control, Company Secretarial and Personnel duties. A good knowledge of computerised systems is essential and preference will be given to applicants with an Insurance Company background.

The appointee should have leadership qualities, the ability to communicate at all levels and have a forward-thinking approach to business matters. Age preferred 35-45 years. The remuneration package will consist of: Salary £25,000 per annum, car, house purchase facility, contributory pension scheme and BUPA.

For a discussion in strictest confidence please contact:

IPS GROUP

Trevor M. James, FECI, Managing Director,
Insurance Personnel Selection Ltd.,
Lloyds Avenue House, 6 Lloyds Avenue,
London EC3N 3ES.
Telephone: 01-481 8111

European financial controller

London, to £30,000, car + benefits

C&L

For a young US based computer software group which has experienced exceptional growth with last year's turnover in excess of $40 million. Its range of products include some of the world's best known and best selling software packages for micro-computers. The network of European companies, controlled from the UK, is continually expanding.

As the group's first European Controller your initial tasks will be to implement and control management information and reporting procedures, review and recommend accounting systems and facilities, and formalise budgeting and planning for each European company. You will report to the UK based European Managing Director.

You will be a youngish qualified accountant, accustomed to working in a fast moving international business environment, who can identify with and contribute to a group with boundless potential.

Résumés, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to B S Grossman, Executive Selection Division, Ref. G038.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Fleetway House 25 Farringdon Street
London EC4A 4AQ

Financial Director

(Designate)-Leisure Industry

Central London — **From £20,000 + car**

A long established company within a fast moving segment of the leisure products industry wishes to appoint a Financial Director (Designate).

In addition to assuming responsibility for all routine accounting procedures, the successful candidate will work closely with the Managing Director in providing the financial input for decision making; participate in business planning; and financially evaluate all aspects of the company's activities.

Candidates should ideally be chartered accountants in their late 20's — mid 30's with a high degree of commercial awareness and a record of real achievement.

The ability to maintain and enhance financial controls and disseminate management information within a creative, informal environment is essential.

This appointment has arisen as a result of internal promotion and career opportunities are excellent.

Please write in confidence, enclosing career details and quoting reference 6017, to Valerie Fairbank, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

FINANCIAL RECRUITMENT CONSULTANTS

Accountants (Qualified/Part-Qualified) — **£ Negotiable**
Aged 24 – 35 — **London**

Since 1970 Douglas Llambias Associates Limited has set the highest standards of professionalism in the field of Financial and Executive Recruitment Consultancy. We are expanding fast and have ambitious development plans which have prompted the search for additional ambitious, creative, commercially aware trainee consultants able to combine a good awareness of finance with first-class presentation and communication skills, coupled with a sense of humour.

We offer a full training programme and the opportunity to share later in the rewards of your own success.

If you are interested please send your CV to **Richard Norman FCA, Douglas Llambias Associates Limited** at our London address quoting reference number **4893.**

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management
Recruitment Consultants

Oil: Exploration and Production

Burmah

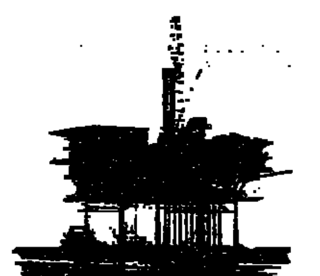
Swindon — **Competitive Package**

Our client, Burmah Oil Exploration Ltd., is the oil and gas subsidiary of the Burmah group. This has a significant share in Thistle Oil Field and exploration interests both on-shore and off- shore in the UK. Other additional interests in overseas exploration and production ventures include the USA and Pakistan.

These positions provide exceptional opportunities to gain further experience of the E and P side of the oil industry.

Thistle Operations Accountant

To monitor financial performance specifically relating to the Thistle Oil Field, The Devron Oilfield, The Brent and Northern Leg Pipeline System and The Sullom Voe Oil Terminal. The successful candidate should expect to be heavily involved in monthly/ annual accounting, financial modelling, PRT and cash administration.



Project Accountant

To be responsible for the overseas financial administration of projects within international and UK spheres of operation. This will involve representing the BOEL's interests at joint venture meetings and include such activities as cash forecasting, budgeting, cost control and programme monitoring for both BOEL and co-partner operated projects.

Candidates for these posts should be graduate qualified accountants with 2-3 years post qualification experience. They must possess sound interpersonal skills to fit into these demanding roles within a committed professional team.

A conscientious approach to work will be required in order to meet strict deadlines and to handle urgent enquiries from partners and operational managers.

Candidates should write, enclosing a comprehensive c.v., to Adrian Wheale, ACMA, ACIS St. Augustine's Court, 1 St. Augustine's Place, Bristol BS1 4XP.

MP
Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

Financial Controllers

Accountants with Management Potential

Age 29-32 — **c. £18,000 + car**

Our client is the manufacturing division (turnover c.£80 million) of a well known and expanding group. The division has a number of factories situated in the United Kingdom and, as a result of growing activity and the need to strengthen financial controls, it seeks to appoint two Financial Controllers, the first to be based in the Midlands and the second in South Wales.

As members of the senior management team, these individuals will report directly to their respective local Managing Director, and functionally to the Divisional Finance Director based in the South of England. Responsibilities will encompass all financial aspects of a manufacturing operation and the individuals will also be expected to participate in the broader management aspects of their operating unit.

Candidates will be qualified, practically minded accountants with a strong personality, who have gained experience within a manufacturing environment. Individuals with ambition and potential can expect rapid progression within the division, either into a more senior financial management position, or into operational management. Opportunities for advancement also exist within the wider group.

A relocation package is available where necessary.

Interested individuals should telephone or write enclosing a CV and a note of their salary to:
Peter Flamniger, Director, Financial Management Selection Limited, 21 Cork Street, London W1X 1HB. (Tel: 01-439 6911)

Financial Management Selection

Senior Tax Manager

Major City Institution — **Package to £30,000**

Our client, one of the leading financial institutions in the City, is actively seeking either a qualified ACA with at least 10 years' post qualifying experience in corporate tax work or an Inspector of an appropriate level (either fully trained or Inspectors Principal). The successful candidate will be responsible for managing their taxation department of 8 to 10 staff and will play a key role in contributing to the objectives of the finance group.

Applicants for this appointment will be aged 35-45 and have extensive practical knowledge of UK Corporation Tax and of tax legislation. Experience of international taxation will be advantageous.

You will have a positive personality, proven management skills and be keen to take advantage of the excellent prospects offered by this high profile position.

To apply please telephone or write to Rebecca Goddard quoting Ref. RG8310.

Lloyd Chapman Associates

International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-408 1670.

ASSISTANT TO GROUP ACCOUNTANT

to £21,000 + Car, BEDS.

An outstanding candidate is sought by this very acquisitive medium-sized public company. Those suitable should be in their early 30s, graduate ACAs with significant commercial experience.

Communication and management skills as well as self-confidence are the most important attributes.

For further details, contact Robert Morgan, B.Sc.

ADVERTISING

c. £15,000, C. LONDON

Candidates for this position must be recently qualified, probably in their late 20s and have a keen interest in the advertising business. The initial role will encompass financial and management accounting but the successful person will be expected to quickly progress into a management role.

Our client is the UK arm of one of the world's leading advertising agencies.

For further details, contact Graham Palfery-Smith, B.A.

Badenoch & Clark
Recruitment Consultants
16-18 New Bridge Street, London EC4V 6AU
Tel: 01-583 0073

EMA

Financial Controller

North Surrey — **c £18,000 + Car**

Well established in its consumer goods marketplace, our profitable £2 million turnover client's recent impressive growth is expected to continue through the introduction of new products and the development of new markets.

Reporting to the Managing Director and responsible for 10 staff, the Controller will be expected to bring further sophistication to the financial function. The initial requirements will be the development and production of management information, cash management and planning. He or she will review product profitability and pricing policies, and be expected to contribute to management decisions.

In their late 20s, applicants should be qualified accountants with line management experience gained in an industrial/commercial environment. Please write, enclosing a career history and day-time telephone number to David Hogg, FCA, quoting reference I/2261.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour)

Accountancy Appointments

Financial Director
(Designate)

Kent Coast — **From £20,000 + car**

The UK subsidiary of a successful US group in the competitive toiletries and health care market, is seeking a Financial Director (Designate).

The company's site, with a manufacturing facility and administrative offices, is situated in a most pleasant part of South East Kent.

Reporting to the managing director, the person appointed will be a qualified accountant aged 28-35 with sound industrial experience. He or she will bring technical expertise; an analytical approach to problem solving; leadership qualities and commercial flair and will, within a short period, make a positive contribution to the senior management group.

With a department of 18, the successful candidate will assume responsibility for all finance and data processing functions within the company in addition to assuming the company secretarial role.

This is an exciting opportunity to join a company at a stage in its development when it is poised for substantial sales growth.

Please reply in confidence, quoting reference 5347/L to the company's adviser, Valerie Fairbank, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

MOTOR INDUSTRY APPOINTMENTS

GROUP FINANCIAL CONTROLLER
c. £18,000 + car

A young qualified experienced retail motor industry business management manager required for major group to head the financial and administration department. Computerised operating systems and CV experienced will be major attributes.
Ref: A313

FINANCIAL CONTROLLER
c. £15,000 + car

A major management consultancy is looking for a qualified and experienced accountant to manage their financial affairs. Partly computerised, the business requires strong financial controls and disciplines.
Ref: A359

Applicants should telephone

BRIAN SMITH,

the consultant handling these assignments, for information on 0753 888092 (24 hrs answering) or write, inconfidence, with full CV to:

BRIAN SMITH ASSOCIATES,
9A STATION ROAD
GERRARDS CROSS
BUCKS SL9 8ES

Senior Planning Analyst
Financial analysis in Group-wide business planning
Wiltshire c.£18,000+car

The Burmah Group, a £1½bn-turnover British industrial enterprise, has major interests in such areas as oil exploration and production, lubricants and fuels, speciality chemicals, and shipping.

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Thursday December 6 1984

Europe after Dublin

THE European Community's *summit meeting in Dublin this* week has turned out to be considerably more successful, in practical terms, than might have been expected. The heads of government finally broke the long-standing deadlock on the major issues which have been blocking negotiations with Spain and Portugal for so long; and they concluded an agreement on the rules for controlling the Community budget in future. Moreover the whole event—with the possible exception of Greece's demands for large extra subsidies for Mediterranean countries—seems to have passed off in an atmosphere of reasonably business-like good-humour.

However, as a result of their heavy preoccupation with the nuts and bolts of the terms for the accession of Spain and Portugal, the heads of government had little time to discuss how best to give a new political impetus to the Community's internal development; consideration of the report of the Dooge Committee, with its multiple suggestions for policy priorities and for reforming the Community's decision-making procedures, was effectively deferred until next spring.

This was regrettable but unavoidable. A relaunching of the Community is long overdue; but if the enlargement is to have any chance of being accomplished by the beginning of 1986, the negotiations with the Iberian countries must be wrapped up within the next few weeks. The delicate issues addressed by the Dooge Committee can perhaps wait for a few more months; the accession negotiations cannot.

Decisions

There is also this to be said for sending the Dooge Committee back to do more work—that its interim report reveals quite sharp disagreements between national representatives on questions of institutional and political reform, with predictable reservations being entered by Greece and Denmark, and to a lesser extent by Britain and Ireland. Some of these differences may prove to be unbridgeable: but if the committee can during the next three months narrow the gaps between the member states, its report is likely to be a more helpful basis for debate.

The most sensitive issue is that of majority voting in the Council of Ministers. Under the *Rome Treaty, almost all run-of-*the-mill decisions can be taken by majority vote; but since the 1965-66 crisis, it has been assumed that any member state has the right to insist on a veto on the grounds—or even the flimsiest pretext—that a vital national interest is at stake. It is this assumption that most members of the Dooge Committee—those from the original Six member states—say they want renounced in formal terms.

There may be some residual doubt whether all Six Governments are as categoric on the issue as their representatives on the committee, and this doubt will not be finally resolved until the heads of government declare their positions. What is beyond doubt is that decision-making *on new Community policies, al*ready painfully slow, will be entirely paralysed in a Community of 12, unless majority-voting becomes more generally accepted as a normal part of the process.

Weakness

There are those who argue that the reckless use of majority voting could be politically counterproductive. Some issues *in some member states may be* so sensitive that an adverse vote could cause major ructions, leading conceivably to a serious crisis in the Community. The way out, according to this view, would be to leave the right of veto intact, but to prevent abuse by requiring any member state to explain formally why a particular issue affects a vital national interest. The intention behind this idea is constructive; its weakness is that it puts more trust in the shame of protectionist governments than in the good will and political sensitivity of the others, and that faith may be profoundly misplaced.

On the other hand, it is vital that the Ten should not get bogged down in purely theoretical squabbles about procedure. Half of the Dooge Report deals with substantive policy objectives, such as a fully integrated internal market; but the weakness of this section is that these objectives are expressed in the most general terms. If the committee can develop a detailed programme of work, with deadlines and priorities, and with strategic agreement on the general methods for achieving the objectives, it is possible that the majority voting issue could, for most member states, come to seem less salient and less contentious.

Britain and the acid rain debate

THERE has always been a danger that the European debate on acid rain would run out of hand. It is a subject which attracts strong emotions and *divided scientific opinion*—a volatile combination. It is regrettable, therefore, that this week's policy statement on acid rain by the British Government may have the effect of polarising more sharply than hitherto the gap between those countries which demand draconian controls on power station pollution (Germany, Scandinavia and the Netherlands) and those which oppose all controls.

The British Government's position is that controls on the scale proposed in a draft, German-inspired EEC directive would be too costly—£1.5bn for the *UK alone*—and not guaranteed to make any impact on the problem of dying German forests and lifeless Scandinavian lakes and rivers. More research is proposed. West Germany wants stiff targets for reducing national output of acidic pollutants—cuts of 40 to 60 per cent by *1995*—and has already enacted such measures for its own industry, which now fears a loss of competitiveness if other European countries fail to follow suit.

Air quality

Britain is right to argue that no conclusive evidence exists that British fumes are to blame for sick German forests. But there is a risk that in making this point, the Government might lose sight of the underlying principle that, acid rain or no acid rain, it is desirable to go on improving air quality. *The current strategy of building* taller chimneys to disperse pollutants over a wider area scarcely answers this requirement.

There is a further danger that in espousing a position identical to that of the UK electricity industry, the Government is failing in its responsibility to apply consistent and firm pressure for a measurable improvement in standards over time.

It is also time for the Government to rethink its anti-pollution laws, which rightly insist upon "best practical means" of achieving improvements, but *wrongly fail to set firm targets.* The error of the EEC directive on acid rain is that its targets are unreasonable and too costly. What should happen at the EEC council of environment ministers todays is an argument *about the definition of targets,* not about whether they should exist.

Vagueness

One compromise position would be for Britain to join the so-called "30 per cent club," which already has 20 members. This would involve a commitment to a 30 per cent reduction in annual national emissions of sulphur dioxide by 1993, using *1980* emissions as a base. This week's Government response to the Commons Environment Committee accepts *that on present trends Britain* could meet this standard with "relatively little action." But, it adds, "stronger growth in electricity demand could reverse these trends and could entail the installation of flue gas desulphurisation at a number of power stations, involving expen*diture of several hundred mil*lion pounds."

Such vagueness scarcely inspires confidence in the subsequent comment that "the Government intends to achieve further reductions in national sulphur dioxide emissions, aiming at a reduction of 30 per cent *from 1980 levels* by the end of the 1990s."

It is true that there is still a great deal of uncertainty about the sources of environmental damage and that more research is needed into other pollutants, notably nitrogen oxides, which may be more important than has been considered in the past. But a programme of continuing research, preferably on a Europe-wide basis, does not preclude agreed programmes of action based on present knowledge.

British membership of the 30 per cent club would not in itself represent a dramatic change of course, but it would have the effect of applying extra pressure to the electricity industry's development of technical solutions to pollution in such fields as combustion technology. It would also for the first time introduce measured targets to the air pollution business, in line with *the practice in most* developed countries.

BRITAIN'S STUDENT GRANTS ROW

How other nations count the cost

By Michael Dixon, Education Correspondent

THE BEWILDERMENT with which many overseas observers regard British politics may well have been turned into near incredulity by the effect of the UK Government's proposal to make about 140,000 better-off families pay more for their children's higher education.

Whereas Mrs Margaret Thatcher and her ministers have withstood relatively calmly the Falklands war and nine months of a ferocious miners' strike—not to mention worsening unemployment—the attempt to save public expenditure on grants given to students has turned into one of the most embarrassing episodes for the Tories since they took office in 1979.

Sir Keith Joseph, the Education Secretary yesterday bowed to intense backbench pressure by withdrawing some of his more sweeping plans for change—notably the proposal that parents should from next year *make a contribution to students'* tuition fees as well as subsidise their living expenses. But in a move which is bound to provide further controversy in future, Sir Keith promised MPs that there would be "a radical change in the student support system," including possibly the introduction of a student loan system.

He added: "It remains the Government's intention, subject *to the decision of Parliament,* to abolish the minimum award and to increase the level of parental contributions to maintenance for those in the middle and upper reaches of the income scale."

The force of the reaction to Sir Keith's original plans from a relative minority of the British public will seem particularly puzzling in countries—they include Japan and West Germany—where outright grants from taxpayers' funds as distinct from repayable loans are not awarded to students. Even in other industrially developed countries where grants are available, people undergoing higher education are usually required to find a *goodly share of their expenses* by borrowing, part-time employment or support from families.

The UK has been a rare exception in maintaining the principle that students' living expenses should be covered by state grants, albeit on a means-tested basis, as well as requiring no contribution towards tuition costs. (The latter range from roughly £3,000 a year for each student on arts courses to £7,500 or more for higher medical studies.)

An example of the effect of the changes originally proposed (see box)—changing the basis of the means test for contribution to student expenses as well as requiring parents to pay tuition fees for the first time *— is provided by considering a* family dependent on the pay of a middle manager, typically earning about £20,000 gross at the start of the 1985-86 academic year. The total contribution expected from the family towards the costs of one student would have risen by £321, *from* £1,703 to £2,024 or from 8.5 per cent of the family's gross income to 10.1 per cent.

That British family would then be paying a greater percentage of its gross income towards the student's expenses than families dependent on the pay of one parent doing a comparable job in several other countries, including some whose Governments make neither *grants nor loans available to* students from moderately well off or richer families.

In West Germany, for instance, although state universities charge no tuition fees, only the children of poorer families with incomes below the exchange rate equivalent of *about £8,200 are eligible for* Government assistance. Even then there are no outright grants. There is solely an interest-free loan equivalent to some £156 a month, which has to be paid back after the completion of studies at a rate of just over £30 a month.

The loan falls short of the average living costs of German students, which are estimated at about £216 monthly. Even fairly low-income families have to meet these living expenses without any state assistance. But the kind of middle-management job which typically pays *the British executive £20,000* is likely to pay the German counterpart the equivalent of about £33,000.

Hence, if the German family pays the student the average £216 monthly living expenses for the full 12-month year, the £2,590 total is still only 7.9 per cent of its gross income.

In Japan, the provision of higher education is more complicated. Of the country's 1.8m students, *about four in* every five are at private institutions. Besides finding their living costs, the private universities' students are charged tuition and other fees averaging about £2,150 a year at present exchange rates, in addition to a once-for-all admission fee of £760 at the start of their course.

The other 20 per cent of students attending the state universities, which include some of the best regarded institutions such as Tokyo, are still charged fees although at a far lower level.

When living expenses are taken into account, it is estimated that the total cost of putting a student through a standard type of degree course can vary between £1,425 and £4,200 a year.

As in West Germany, most parents in Japan have to find *the costs from their own* resources. There are no grants, and Government loans are currently available to fewer than 250,000 people at rates ranging from nearly £73 a month for state universities' students living at home, to £137 for those attending private institutions and in rented accommodation.

Of the other countries which do provide state grants as part *of their arrangements for* financing students, most seem to be less generous with the outright awards than the UK would have been even after the changes proposed by Sir Keith from next autumn.

France, which charges no tuition fees in its state higher educational institutions, provides means-tested aid towards living costs ranging from the equivalent of £310 a year for students from well-off homes to a maximum of roughly £1,200.

In Sweden, where students at publicly-owned institutions are also free of any tuition charges, the Government's outright grant is only about £205 yearly at the current exchange rate. Loans can be taken out to help with *living costs to a maximum of* approximately £2,573, but it is expected that they will be repaid at 4.5 per cent interest from the third year after studies are finished.

Ashley Ashwood

Sir Keith Joseph: "still favours "radical change."

In the United States, on the otherhand, a survey last year showed that almost a quarter of students financed both tuition fees and living expenses by their own earnings—about the same proportion as were supported totally by their families. Own earnings also covered some part of the total costs of a further 32 per cent, the rest coming from mixtures of loans and grants which, by British standards, are in general small. Fewer than one in five make do on grants and loans alone.

Of new entrants into U.S. higher education last year, only about 15 per cent had parents earning the equivalent of at least £48,000, which is the typical salary in the sort of middle-management job which in Britain pays around £20,000. But 40 per cent of the new entrants' families were subsidising them to the extent of £1,665 or more.

By comparison with their counterparts in most major countries, British families can hardly claim to be overburdened with higher educational costs, especially now Sir Keith Joseph *has considerably modified his* proposed increases in the parental contributions.

Even where the costs for a year of study falling on UK families seem high as a proportion of gross income, the total they are expected to pay out over the time it takes their children to graduate is usually still a good deal lower than the cost to most parents elsewhere of getting a child from the beginning of higher studies to the completion of a degree.

Most British students finish their undergraduate studies in three years and hardly any take longer than four. In other countries four years tends to be the minimum to complete the equivalent degree course, and in *some graduation often takes a* year or two longer.

While other governments already require students to finance themselves at least partly by repayable loans, the Education Secretary will no doubt have to face many more fierce arguments — and win them — before he can fulfil his wish to introduce a loan system here. One of the main reasons behind that wish is the belief that the need to borrow and repay an appreciable amount of the costs of their studies would influence more students to take courses such as electronics engineering with direct relevance to working life.

But loan systems adopted in *other countries are not without* questionable effects. One is that a larger proportion of students tend to continue living in their parents' home than is the case in Britain where 89 per cent go away to live and study independently.

Although students who take out loans are supposed to repay them within a specified period, a number inevitably take longer to achieve enough income to *make the repayments.* The Danish Government for one is currently embarrassed by a heavy unpaid student debt.

WHAT SIR KEITH ORIGINALLY PROPOSED

Under the proposed change originally announced by Sir *Keith Joseph just over three* weeks ago, the number of students eligible for full grants would not have been greatly affected.

But the change would have sharpened the means-test criteria so as to reduce or remove the grant to students of parents with a combined gross income of about £14,500 a year and upwards, the parents being expected to contribute whatever was needed to make up the appropriate full rate.

Of the half-million full-*time British students on* degree level courses in state universities and polytechnics, 385,000 are this year receiving a grant of at least £205. More than 115,000 come from *families whose incomes are* low enough to make them eligible for the full rate of grant, which varies with their mode of living.

The full rate for undergraduates staying in their parents' home while studying in the 1984-85 academic year is £1,435. For students living away while on a course in London the full grant is £2,100, and for those living away while studying elsewhere it is £1,775. Increases of about 3 per cent in each case are scheduled for the next academic year starting in September.

For families at the lowest end of the income scale affected, Sir Keith's planned increase from next autumn *was of only a few pounds* raising the total parental contribution expected in 1985-86 to £874. *Better-off families would have been expected to* contribute progressively more up to certain maximum levels.

Those with a combined *gross income of £22,000 or* more and one son or daughter aged under 25 on a degree-level course were scheduled to contribute about £2,500—an increase of £725. Their child would have lost the present £205 minimum award, leaving the parents to *provide the full rate of grant* in its entirety. In addition, they would have been expected to pay £520 towards the costs of tuition. For families with still higher incomes and more than one son or daughter under 25 studying for a degree, it was intended that the contribution should go on increasing to a maximum of £4,000 a year in total.

The gross income figures cited are approximations because with normal bureaucratic complexity, the UK Government assesses families for the contributions not on gross but on so-called residual income. It is represented by taxable income minus allowances for mortgage interest, other dependent *children and so on. But in* most instances the residual figure works out at about 90 per cent of the gross.

Men and Matters

Tramiel's war cry

Jack "business is war" Tramiel, owner-chairman of the troubled *Atari Corporation, paid a fleet*ing but aggressive visit to London yesterday.

He promptly cut the UK price *of Atari home computers by 25* per cent. "We're producing for the masses not for the classes."

And he warned Sir Clive *Sinclair and the rest of Britain's* home computer industry: "There are one or two people in Europe who think they can outsell and out-produce me. Well let me tell you that just one of my worldwide plants churns out more than the next top three UK companies together."

Tramiel—Auschwitz survivor, former New York cabbie and founder of Commodore — and partners paid $75m for Atari in *July. He is currently seeking* $150m for research, development and working capital.

But he denied he was in *London to persuade British in*stitutions to subscribe to the first $50m which he hopes to raise through a private placement.

Atari, he boasted, would achieve $150m sales and be back in profit in the current quarter. Next year, he predicted, sales would reach $1bn — some feat for a company which practically came to a standstill in the summer.

"Technology is what this decade is about," Tramiel added. "I've given this notion to my factories out in the Far East. They're gonna produce it at the price the man next door can afford."

"Of course, the final decision rests *with Sir Keith Joseph,* if you understand me."

Fishy friends

The Atlantic Salmon Trust—an admirable charitable body which exists to promote the cause of the salmon rather than those who fish it—has decided *to move nearer the action.*

Under its new director Rear Admiral John Mackenzie it is moving from Farnham, Surrey, where the only recorded salmon have been on fishmongers' slabs, to Pitlochry, Perthshire, among the great salmon rivers.

The trust, which might *equally be called the Friends* of the Salmon, has been swimming against the current since it was established in 1967. Numbers of fish running in the British Isles rivers in spring have fallen dramatically as migrating salmon have been caught by deep sea fishing boats, or intercepted by netters off the coasts.

Mackenzie hopes that there will be better times ahead for the salmon now that a number *of concerned governments of* countries bordering the North Atlantic have formed the North Atlantic Salmon Conservation Organisation. He expects to work closely with the organisation.

Mackenzie, who retired from the Royal Navy last year, claims a post-war record in having commanded nine warships during his service, including the navy's last cruiser, HMS Blake, and the aircraft carrier HMS Hermes.

He confesses that he likes nothing better than a spot of *relaxing salmon fishing* when off duty.

BT look a like

A *Canadian cosmetics firm* was surprised to see its shares soaring this week. Improbable as it might seem, traders were confusing it with British Telecom whose desirable shares had just been made available.

The trading symbol BTY was used in Toronto for the BT launching — but the same symbol was already in use for the Toronto firm Beauty Counseller International.

For a brief period the *Toronto firm's stockmarket rat*ing was indeed beautiful to behold. Its shares shot up from 25 cents to 65 cents before the confusion was spotted and its stock exchange symbol changed yesterday.

Out of coal

Hugh Jenkins, investment supremo of the National Coal Board's massive *£6bn pension* fund, has finally decided to quit and seek quieter, and possibly more lucrative, pastures in the private investment sector.

The move has been widely expected ever since he came into conflict with Arthur Scargill and the National Union of Mineworkers over investment policy.

Jenkins, aged 51, became a prominent figure in the pensions world long before that battle started, mainly through his willingness to expand investment beyond the traditional areas.

He led the Coal Board pension fund overseas, particularly into U.S. real estate, a move that had the full backing of the then NUM president Joe Gormley ("A wonderful person to work with," says Jenkins).

The venture capital subsidiary, CIN Industrial Finance is second only to 3is in that field.

But it was his *battles with* Arthur Scargill in the boardroom and then in the courts, that brought Jenkins right into the public eye. And though he won, the struggle obviously left its mark.

He insists that he first considered moving before the row and *delayed it until* the problems had been resolved.

Precisely where he is heading, he will not say. But you can bet it will be to quieter surroundings than he has experienced during the past two years.

Space-savers

The FT's *architecture corres*pondent had a long wait the other day when he called to see Peter Miller, chairman of Lloyd's and yesterday's guest speaker at the FT Architecture at Work presentation.

Miller had a good reason. He had been having a conversation with President Reagan. The line between them was buzzing with the excitement of the space satellite rescue that has proved to be the richest-ever *salvage operation in Lloyd's* history.

They were discussing the presentation of Lloyd's medals to the astronauts.

The rarely awarded medals are the personal gift of Lloyd's. Delicate negotiations were necessary to arrange for Reagan to present them himself at a special ceremony in the White House tomorrow. He is not even a Lloyds underwriting member, you see.

Observer

BASE LENDING RATES

A.B.N. Bank	9½%	C. Hoare & Co. †	9½%
Allied Irish Bank	9½%	Hong Kong & Shanghai	9½%
Amro Bank	9½%	Johnson Matthey Bkrs.	9½%
Henry Ansbacher	9½%	Knowsley & Co. Ltd.	10½%
Armco Trust Ltd.	10½%	Lloyds Bank	9½%
Associates Cap. Corp.	10½%	Mallinhall Limited	10 %
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	National Bk. of Kuwait	9½%
Bank of India	9½%	National Girobank	9½%
Bank of Scotland	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Barclays Bank	9½%	People's Tst. & Sv. Ltd.	10½%
Beneficial Trust Ltd.	10½%	R. Raphael & Sons	9½%
Brit. Bank of Mid. East	9½%	P. S. Refson	9½%
■ Brown Shipley	9½%	Roxburghe Guarantee	10 %
CL Bank Nederland	9½%	Royal Bk. of Scotland	9½%
Canada Perm'nt Trust	9½%	Royal Trust Co. Canada	9½%
Cayzer Ltd.	9½%	■ J Henry Schroder Wagg	9½%
Cedar Holdings	11 %	Standard Chartered ‖	9½%
■ Charterhouse Japhet	9½%	Trade Dev. Bank	9½%
Choulartons	11 %	TCB	9½%
Citibank NA	9½%	Trustee Savings Bank	9½%
Citibank Savings ¶	11½%	United Bank of Kuwait	9½%
Clydesdale Bank	9½%	United Mizrahi Bank	9½%
C. E. Coates & Co. Ltd.	10½%	Westpac Banking Corp.	9½%
Comm. Bk. N. East	9½%	Whiteaway Laidlaw	10½%
Consolidated Credits	9½%	Williams & Glyn's	9½%
Co-operative Bank *	9½%	Wintrust Secs. Ltd.	9½%
The Cyprus Popular Bk.	9½%	Yorkshire Bank	9½%
Dunbar & Co. Ltd.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		
■ Hill Samuel §	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.25%, 1 month 7.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 9.00%.
† 7-day deposits on sums of under £10,000 6¾%. £10,000 up to £50,000 7¼%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¼%.
‖ 21-day deposits over £1,000 7¼%.
§ Demand deposits 6%.
¶ Mortgage base rate.

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ECONOMIC VIEWPOINT

Neither boom nor bust

By Samuel Brittan

BELIEF IN a business cycle is more strongly entrenched than any other belief about how capitalism operates. Marxists and classical economists, Keynesians and monetarists, all seem to agree that the economy moves in a series of upward and downward waves.

There are enthusiasts who can imagine a whole series of interacting waves: forty-month Kitchen cycles, eight-year Juglar cycles, 20-year Kuznets cycles and 50-year Kondratieff cycles. But that way madness lies. For it is always possible in retrospect to account for a fluctuating time trend by a series of superimposed waves. But these waves exist in the eye of the beholder and have almost zero predictive or scientific validity. (If you disagree, write to the Editor, not to me.)

By contrast, the normal business cycle has seemed to have some genuine existence. There was a pre-World War Two trade cycle, although even that was variously estimated at anywhere between seven and 13 years in length. The recovery after World War Two followed by the Korean War made it difficult to discern an exact shape to the cycle. But eventually a four or five-year pattern did emerge with peaks in the UK in 1960, 1964, 1969, 1973 and 1979. The last cycle was thus six years long, in contrast to its predecessors.

Does this pattern mean that 1985 will be the peak year of the current recovery; and that we will have a downturn by 1986? This will be sad news indeed, after a recovery during which unemployment has not stopped rising.

No such fatalism is justified. To explain why, it is worth setting out two different interpretations of economic fluctuations.

1—*The Strict Cycle Theory.* According to this the economy inevitably moves in a cyclical way, with booms followed by slumps—or at least recoveries by recessions. Some theorists try to explain the cycle by, for instance, the behaviour of investment, or the behaviour of central banks or politicians. The "political cycle" hold an established, if not honoured, place in the academic literature.

2—*The Shock Theory.* According to this, the economy moves in an irregular way, but there is no regular cycle. On one interpretation, the irregularities are due to unexpected events known as "shocks" (oil price explosions, miners' strikes, new technological discoveries and so on). Moreover each shock sets up a series of oscillations of declining amplitude which will often overlap with the next shock.

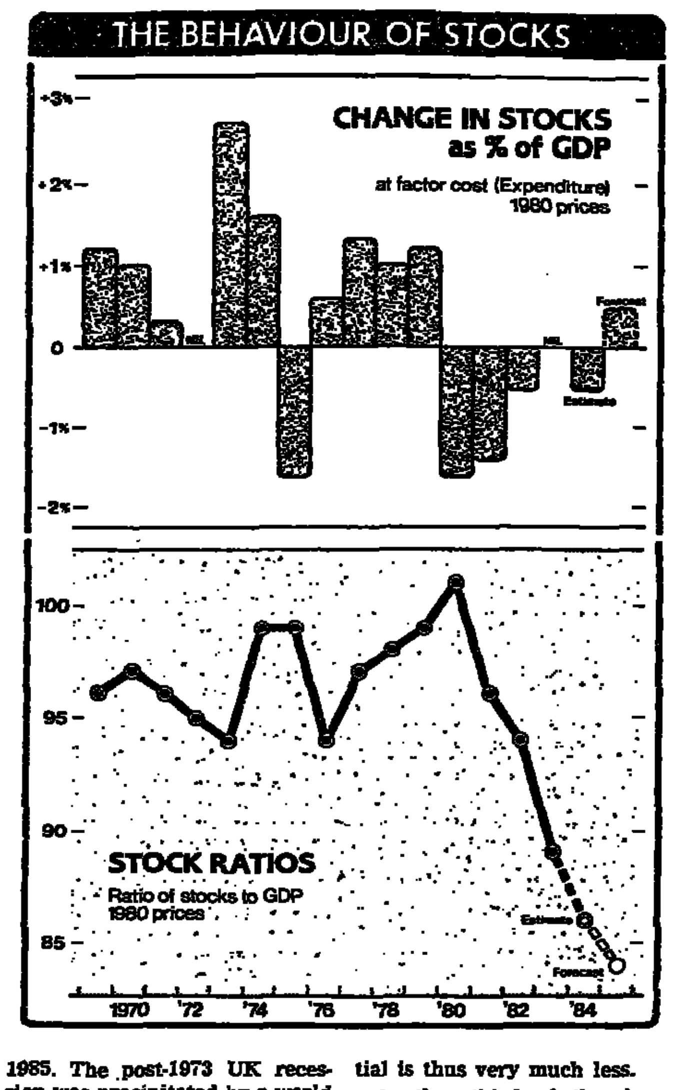
It is possible for a fairly regular cycle to exist in some periods and not in others. A number of recent analyses have suggested that the forces producing the regular cycles of the 1960s and 1970s no longer apply. They include Brian Griffiths and Peter Warburton in the Autumn *Economic Review* of the City University Business School and Tim Congdon in a Messel paper.

Ranged on the other side is the system of cyclical indicators of the UK Central Statistical Office, which, like its counterparts in other countries has a whole system of reference cycles with leading indicators, which are supposed to give warning of future turning points—except that they wobble about so much and are so frequently revised that they are not of that much help in practice.

The characteristic post-war cycle was probably as much a policy cycle as anything else. Up to the early 1970s, the German and British cycles seemed almost in perfect harmony and only lagged the U.S. by a few months. In Britain the cycle had a lot to do with the Bretton Woods system and the international financial role of sterling. These provided enough leeway for British Governments to "go for growth" for short periods, but they then had to slam on the brakes when the balance of payments weakened and the sterling parity was threatened.

Since the move to floating in the early 1970s, European countries have been free to move in their own way, which they have increasingly done—in the last couple of years by staging a much weaker recovery than that of the U.S. But this very fact makes a European downturn less likely. If you like, because there has been so little "go," there is less reason to fear The "political cycle" holds an a "stop."

On a slightly more optimistic note, the kind of events which precipitated the last two recessions are much less likely in 1985. The post-1973 UK recession was precipitated by a world oil price explosion and severe domestic overheating; the post-1979 recession by a second oil price explosion, a wage explosion and a large appreciation of sterling.



There are prosaic factors too. Nearly three-fifths of the reduction in real demand in the 1979-1981 recession was due to a turnround in stock building. Such a reversal is now much less likely. For a remarkable feature of the present UK recovery is that it has been accompanied by continued reductions in stock building instead of the increase which is normal. The downward potential is thus very much less.

Another third of the downturn in demand in the last recession reflected private fixed investment, which is at present on a strong upward path. Its future after 1985 is clearly bound up with the outlook for profits. The real pre-tax rate of return on non-North Sea activities, which reached 7 per cent in the first half of 1984, is still no higher than in 1978. The profits recovery has, however, already lasted longer than that of the late 1970s. The two factors which caused profits to slump after 1978 were the steep rise in sterling and the wage explosion.

This time profits have probably benefited, in a way not yet apparent in the figures, from the slide in the effective sterling rate; and one does not have to believe the more alarmist talk about oil and sterling to see that another major *appreciation* is unlikely and would, in contrast to 1979-80, be offset by official policy as much as possible if it showed signs of occurring.

As for earnings, it is "disappointing" that the deceleration has stopped and that they are rising by 7½ per cent in the whole economy and 9 per cent in manufacturing. But is it wildly optimistic to suppose that with 3m plus unemployed and 5 per cent inflation, they will not again shoot wildly upwards, as they did in 1974-75 when they rose by 25 per cent or in 1980 when they rose by 18 per cent?

Of course there are international risks. The favourite bogey is the world debt crisis, which we have been told for two years running is on the point of bringing down the world's financial system. So far creditors and debtors have had too strong an interest in papering over the cracks; and I suspect that we will learn to know and love the debt problem for the remainder of the century.

An American slowdown is now more a fact than a prediction. But direct European dependence on the U.S. market is very much less; and much of what Europe gained from the U.S. upswing was offset by the restrictive effect of high U.S. interest rates. Normally a U.S. slowdown would mean lower U.S. interest rates; and rising U.S. inflation, which would inhibit the Fed from letting interest rates move down, would also bring the dollar under stress, thus increasing Europe's perceived freedom to follow its own interest rate policies. (Its actual freedom has all along been greater than central bankers have admitted.)

It would require the unlikely combination of a continued strong dollar, high U.S. interest rates plus a U.S. recession to exert a strong downward drag on Europe; and even then it would not be of the same magnitude as the earlier oil shocks.

The above judgments may be wrong or right, but they refer to real phenomena or problems. By contrast, cyclical indicators refer to an artificial "detrended" world in which longer-term movements are deliberately excluded. For instance, if production has been falling for a sufficient number of years, a mere slowdown in the rate of fall will produce a cyclical upturn. In happier times when output nearly always rose, a slight slowdown in the growth rate appeared as a "growth recession."

In casting doubt on "an inevitable cyclical downturn" as anything other than a statistical artefact in a world of irregular movement, it is far from my intention to suggest that everything in the garden is lovely.

The National Institute has, for instance, a medium-term projection with virtually steady growth from 1986 onwards. But unemployment stays at 3.3m and inflation actually accelerates slightly to reach nearly nearly 8½ per cent by 1989. A manipulation of policy variables to dampen this inflation results in a continued upward creep in unemployment. Indeed, whatever the preferences of government, almost any pattern of policy changes "can do little more than to shift the discomfort from one variable to another or from one time period to another," according to the Institute.

One does not have to accept the Institute's exact estimates—still less its scepticism about the size (not the existence) of the benefits from lower real wages—to agree that we seem to be boxed in. How much further forward would we not be if bodies like the National Institute had accepted 11 years ago Peter Jay's thesis on the incompatibility of full employment, non-accelerating inflation, and the power of union monopolies over wages? It may be that the latter is being eroded more quickly than present statistics show, but even if that is so, the process is so slow and so painful that one must cry out for more radical structural approaches.

The cost of extending FIS to married couples without children is £25m per annum, not £200m, which was mistakenly given in my article "An alternative to the dole" on Monday, December 3, owing to a transcription error beyond my control. This materially affects the sense of the article.

Lombard

Failure of the image-makers

By Jurek Martin in Melbourne

THE GREAT MOVEMENTS of the world tend not to start in Australia and often do not even reach it. But if what happened here last Saturday were to spread to other democracies, then there would be good reason for everybody to be in Australia's debt.

This is, quite simply, that the image-makers, who increasingly determine not only the form but also the content of national elections, got it all wrong; or, as the country's most pithy wordsmith, Bill Hayden, the Foreign Minister, put it: "We've got to recognise that marketing techniques suitable for the promotion of baby powder and detergent are not necessarily the best way of handling a political campaign."

Now, this is a tough—even, in the current climate — iconoclastic judgement, given the marketing triumphs of successive American Presidents, above all Ronald Reagan this year, and in a somewhat different vein, what Saatchi and Saatchi has done on Mrs Thatcher's behalf. But the latest Australian experience is worth considering.

Bob Hawke was, in so many respects, the ultimate candidate by any international yardstick. It was not merely that he was blessed with a resurgent economy and a divided and apparently ineffectual opposition; much more, he was a genuinely popular incumbent, a man with a past, present and future, intelligent, combative and cynical, yet simultaneously a man of consensus, in sum the perfect fit for a nation which prides itself on possessing precisely these qualities.

Yet he chose — and the evidence is that it was very much his decision—to wage a campaign which was a conscious abnegation of all of these. Where Australia expected, especially from him, cut and thrust on issues, he offered only platitudes, mostly of the soothing, even banal, nature. His "trust me" commercials, for example, were drawn from precisely the same stable as Reagan's "Dawn rises over America" series, in that both evoked eras that probably never were, almost certainly are not, and definitely never will be. What sold in America was left on the shelf in cynical Australia.

When Mr Hawke engaged his principal opponent in televised debate, he seemed so locked into his own neo-presidential mythology, itself the antithesis of his years in the trade union movement, as to be incapable of shifting gears to deal with the mundane exigencies of the debating exchanges. Mr Reagan had time to recover from his first confrontation with Mr Mondale, but Mr Hawke, indulging Mr Andrew Peacock just six days before the country voted, never did. Worse, he even saved Mr Peacock's career.

In effect, Mr Hawke, borrowing from every book but his own, bored Australia to death. He insisted on a campaign more than double the national three-week average length but filled it with an insubstantial pageant. His Labor Party has internecine divisions almost on a British scale, a fact which all Australians know and have even come to accept. Yet, by imposing himself on the campaign to the exclusion of every man jack of his colleagues, he sought to convey the impression that it was otherwise. He asked for a coronation, à la Reagan, and emerged at best a battered Pyrrhic victor.

In other words, the packaging of Bob Hawke, who may be unique, was a monumental flop this time around. It is easy to understand the temptations of successful precedents elsewhere —Kennedy, Nixon, Reagan, even Thatcher—though in each of these cases the wrapping has been different: with Reagan, for instance, it has been designed to protect him from his own freelance excesses and from the media, with Mrs Thatcher, in another kind of political climate, to give her natural instincts freer, though not unbridled rein.

But if Mr Hawke insists on an example, he could do worse than consider Pierre Trudeau, for it is worth remembering that the former Prime Minister of Canada survived, arrogant warts and all, long after the confection of Trudeaumania had subsided. Indeed, the message of this last Australian election was to let Hawke be Hawke, win or lose, and have his image, not the Australian equivalent of Madison Avenue's speak for itself. It deserves a wider audience.

Letters to the Editor

The real wage debate

From Mr S. Dowrick

Sir,—The real wage debate should pay more attention to the actual experience of the past five years. It is generally assumed that as unemployment in the UK rose since 1979, real pay has been increasing at the same time. Indeed, deflated by the Tax and Price Index, the hourly earnings of full-time adults (excluding overtime pay and hours) did rise between 1979 and 1983 by some 12 per cent over all industries and services, or by 8 per cent in manufacturing. But when unemployment was rising fastest, in 1981 and 1982, real hourly pay stood still.

The real pay rise that did occur between 1979 and 1983 accrued almost entirely to non-manual workers. Taking an average of male and female pay rises, non-manual pay rose 15 per cent (10 per cent in manufacturing) while manual hourly earnings rose only 5 per cent (less than 3 per cent in manufacturing). Each year manual hourly pay rose more slowly than non-manual, and fell in both 1981 and 1982. These figures do not include those workers at the bottom end of the scale.

The gains in real hourly pay that the average adult full-time manual worker did make between 1979 and 1983 fell far behind the growth in productivity in the economy. As a result, the share of profits in net domestic product rose from 9.3 per cent in 1979 to 13 per cent in 1983—compared with an average of 8 per cent between 1974 and 1979. In the first quarter of 1984 the share of gross profits in GDP was some 2 per cent above its 1983 level, so the share of net profits may have risen to around 15 per cent. If we look to real rates of return on capital, the September issue of the Bank of England Quarterly Bulletin estimates the non-North Sea net rate of return at 8.5 per cent in the first quarter of 1984—nearly double the 1979 figure of 4.9 per cent, and a ten-year record only just below the average real net rate of return of 9.2 per cent over the period 1960-73.

These official figures do not suggest that workers have priced themselves out of work—least of all manual workers. Rather, they show that the rise of mass unemployment since 1979 has seen a substantial redistribution of income towards profits at the expense of the unemployed and manual workers.

Steve Dowrick
31 Priory Street, York.

For Labour read Conservative

From Dr G. Dickinson

Sir,—Like Mr Mitchell (November 28), I feel that there should be more discussion on the consequences of any possible taxation of the investment income of pension funds. Treasury officials looking for ways to help finance the significant cut in personal income tax that the Chancellor would like to make in the 1985 and subsequent Budgets must have been tempted by the size of the investment income of pension funds, which is currently reinvested before tax. The imposition of a tax rate of 15 per cent would yield around £2bn a year. The tax would be politically tempting, since an increase in current personal disposable income would be at the expense of future disposable retirement income—the most likely result of the imposition of such a tax.

While there are a whole series of issues which arise if such a tax were introduced, I would like to draw a parallel with what might have been the case if a Labour Government had been in power. Following a recommendation of the TUC to the Wilson Committee, it has been the intention of the Labour Party, if it were to come to power, to channel some of the pension monies into a new government investment institution to finance what would be real investment projects. Ironically, the amount of £2bn a year has been suggested from time to time. If the Chancellor were to withdraw £2bn from the hands of professional investment managers of pension funds to help finance a significant cut in personal taxes, the probable effect of such a policy would be to make less funds available for productive real investment than would even have been the case if a Labour Government had been in power.

(Dr) Gerard M. Dickinson,
City University Business School,
Frobisher Crescent,
Barbican, EC2.

Higher education grant scales

From Mr D. Poole

Sir,—Perhaps Peter Riddell and Mr P. M. Ball (December 1) would like to read the other side of the subject.

I am a Conservative voter and have a son who hopes to go to a polytechnic next year. My residual income is not one-third of £25,000, and yet if my son is successful I will still have to subsidise his years of study to a great extent (fathers always do). Income tax on my salary is quite hefty, so why should my tax go towards subsidising the sons and daughters of people much better off than I will ever be? With a residual income of £25,000 I would be just too happy to pay the full cost of my son's education.

Every person should want to subscribe to fair treatment according to his work, needs and income. When changes are made to implement a more fair apportioning of the national income/expenditure account, some people (notably those who can really afford to pay more) make out they will be hard up.

It seems to me most of the people "shouting the loudest" are those that can truly afford to pay more.

As regards the back benchers' "revolt," it is apparent they have become too distant from the people and fail to recognise the difference between a Conservative and a Tory. This last observation is the reason for the demise of socialism in this country; they (the Labour Party) could not recognise the dwindling numbers of Labour and brushed aside the real socialists, with the dire results apparent at the last election. I should think Mrs Thatcher is in no hurry to commit the same mistake.

Why is Sir Keith Joseph being so lenient?

Donald A. Poole,
7, Keats Close,
Stevenage, Herts.

Historic cost accounts

From Mr J. Edwards

Sir,—In its consideration of current cost accounting your Lombard column (November 30) perpetuates the myth that historic cost accounts are used for management decisions and resource allocation. This is quite clearly not the case.

Within most companies, important management decisions relating to investment and pricing are taken on the basis of figures which explicitly recognise future inflation. Current cost accounts for the company as a whole do not help at all.

Resource allocation between different companies in capital markets is determined by the general view of the likely stream of future profits. Expectations of continued growth in profits are far more important than the exact level of those profits at a given point. The extraordinarily wide spread of historic price earnings ratios across and within sectors illustrates this well.

No-one doubts that historic cost figures can be misleading because they ignore inflation. What is at issue is whether the formal apparatus of CCA produces profits which are any less misleading. The general view of finance directors in this country and elsewhere is that they do not. This is not because they are narrow-minded (indeed they undoubtedly use current costs in their day to day decisions), but because they see no practical benefit to anyone, inside their companies or outside, of applying such theories to the overall results of their companies.

John R. Edwards.
25, Church Street,
Crowthorne, Berks

The blame for protectionism

From Mr J. Bourlet

Sir,—Your editorial "Gatt's future at stake" (December 3) seems to lay the blame for current protectionist trends mainly, if not wholly, on the U.S. while referring to the other main parties to these developments—Japan and the EEC—as bystanders. All three are guilty of protectionism—but the nature of this, currently, is very different for each of them:

Japan was highly protectionist but has now, except for a relatively small range of goods, reduced its tariff and quota barriers progressively to a point below both the U.S. and the EEC. The trend towards a more liberal import regime in both tariff and non-tariff barriers is continuing.

In contrast, the U.S., which has had an exceptionally open trading regime for many years, is now faced with the "blinding headache" of a grossly over valued dollar where domestic producers face temporarily ruinous import competition. The dollar's value is "another story" but there seems little doubt of the long-term support in the U.S. for an open world economy.

But in yet further contrast the EEC seems to be going in the wrong direction, for the wrong reasons and at the wrong time. Through "voluntary restraint arrangements," food dumping and every other conceivable means the EEC fosters protectionism. The reasons for this lie in the lobby groups and pay-off politics of Brussels decision-making where general consumer interests have zero institutional "clout." Moreover it is largely the distortions imposed on world trading by the common agricultural policy which has led to Third World demands for trading assistance. And it is the wrong time because EEC currencies are not currently over-valued in relation to either the U.S. dollar or the Yen.

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FINANCIAL TIMES

Thursday December 6 1984

INVESTORS QUEUE TO CASH IN ON NEW U.S. OIL BID TARGET

Predator Pickens stalks Phillips

BY WILLIAM HALL IN NEW YORK

FOR MONTHS, Wall Street has been wondering where Mr T. Boone Pickens, the self-made Texan oilman, would pounce next, following his successful raid on Gulf Corporation, the fifth biggest U.S. oil company, earlier this year. Phillips Petroleum has long been considered vulnerable but was not regarded as Mr Pickens' primary target.

Whereas Mr Pickens had some difficulty raising sufficient financial support for his early attacks on Gulf last year, this time it is quite the reverse. According to the gossip on Wall Street, Mr Pickens and his wealthy Texas associates, Mr Cyril Wagner and Mr Jack Brown, have put together a $2bn-plus "war chest" and have been deluged by offers from would-be investors who believe that Mr Pickens, aged 56, has the Midas touch when it comes to investing in oil companies.

It is Phillips' chairman, Mr William Douce, aged 65, who is scheduled to retire early next year and has yet to appoint a successor, who is regarded as the underdog in this contest even although he heads the ninth biggest oil company in the U.S., a company whose track record is far superior to that of Gulf Oil.

Of all the large U.S. oil companies, Mr Pickens arguably knows Phillips Petroleum the best. His father worked for the company for 20 years travelling around the Southwest buying oil leases. After graduating from Oklahoma State University, Boone Pickens himself joined the company as a geologist before branching out on his own. However, Mr Pickens stresses that there is nothing sentimental about his interest in Phillips which has its headquarters in Bartlesville, a small company town 130 miles north-east of Oklahoma City.

Phillips, which earned $641m on sales of $11.75bn in the first nine months of 1984, produces as much oil overseas (primarily in the North Sea) as it does in the U.S. and has been more successful than many of its competitors in finding fresh oil to replace its reserves.

It is considerably larger than Conoco, Marathon, Getty Oil and Superior Oil, all of which have been taken over in recent years. It is somewhat smaller than Gulf and, according to Mr Pickens, is "a size you could get your arms round."

He says he is ready to run Phillips, if he eventually wins control, which supports a minority view that what Mr Pickens wants most is to acquire a sufficiently large oil company and retire from the piranha-like atmosphere of Wall Street where he has acquired a reputation as one of the most successful corporate predators. Mesa Petroleum, his present vehicle, is still a minnow in the oil patch, ranking 88th in terms of revenues.

Mr Pickens says he was attracted to Phillips because it is one of the more undervalued companies in the sector. J. S. Herold, which specialises in valuing oil company assets, has estimated Phillips' breakup value at $78.60 per share. On this basis, the $60 per share being offered by the Pickens group is in line with other recent bids in the oil patch which have valued companies at around 70 per cent of their breakup value. Phillips' shares, which had started the week at $43¾, opened yesterday at $55⅝.

PHILLIPS PETROLEUM	Net income ($m)	As per cent of revenue	Production U.S. ('000 b/d)	Production Overseas ('000 b/d)
1975	333	6.4	118.4	118.6
1976	412	7.1	115.3	137.3
1977	531	8.2	117.0	147.9
1978	716	9.7	125.0	165.4
1979	891	9.1	121.4	166.7
1980	1070	7.8	120.1	158.9
1981	879	5.4	116.1	129.4
1982	646	4.1	112.3	112.9
1983	721	4.7	127.1	119.5
1984	700	5.4	—	—

Mr Pickens has frequently described the oil sector as a "sunset industry" and argues that any company that is not able to replace its reserves over a period should liquidate itself. He used this argument with effect in persuading Gulf's institutional shareholders to support his cause.

While this charge could have been levelled at Phillips some years ago, the company's performance has improved considerably of late. It has been very successful in the North Sea, first in the Norwegian sector and more recently in the UK sector. The first crude oil from the Maureen field, 160 miles off Aberdeen, in which Phillips has a one third stake, started coming ashore just over a year ago, and the company has high hopes for its J-Block in the UK sector near its huge Ekofisk field.

At home, Phillips is one of the leading partners in the Point Arguello oil field, the largest U.S. discovery since Alaska's Prudhoe Bay. The first production from the giant offshore Californian field is scheduled to start in early 1986, and Phillips has said that the field might hold up to 500m barrels of oil.

Mr William Douce, who has worked for Phillips for 42 years, agrees with Mr Pickens that the ability to maintain and increase petroleum reserves is one of the key measures by which an oil company should be judged and he is confident that Phillips can continue to do this through its own exploration programmes.

In addition, Phillips has been aggressively boosting its domestic reserve base through acquisition. It paid $1.14bn for General American Oil in 1983, boosting its U.S. oil reserves by 11 per cent or 56m barrels. Last September, it paid $1.7bn for R. J. Reynolds' Aminoil subsidiary. This move increased its U.S. oil and gas reserves by another fifth.

Phillips has also been working hard to streamline its operations and improve the performance of its downstream operations. Since 1981, it has cut its workforce by nearly a fifth, reducing its annual payroll by $100m a year. It has shed 15 chemical operations and closed an obsolete refinery.

Mr Douce says that his company has stripped itself down "to a lean fighting weight" and intends to remain a top competitor. While he can point to a track record better than most, Phillips' fate will ultimately rest with the big institutions which own nearly half its shares, a factor which makes it especially vulnerable to the short-term attractions of Mr Pickens.

Mr William Brock

U.S. will cut steel imports to 20% of market

By Paul Cheeseright in Brussels

STEEL IMPORTS will fall to about 20 per cent of the U.S. market by the time the Reagan Administration has finished dealing with what it considers to be the unfair trading practices of leading suppliers.

Mr William Brock, the U.S. Trade Representative, yesterday offered this calculation during a transatlantic news conference broadcast by satellite.

Officials noted that the U.S. is currently negotiating supply levels with Brazil, Japan, Spain and South Korea, apart from its dispute with the EEC over the decision to curtail imports of pipes and tubes.

Considerable pressure would be taken off U.S. steelmakers if imports, which were running at 26 per cent of the market during the first nine months of this year, were restricted to 20 per cent. In the third quarter, imports reached 33 per cent.

Mr Brock said the Administration had rejected the idea of imposing global steel quotas but instead had begun to take action against producers said to be dumping or selling subsidised supplies.

He rejected the idea that the U.S. was being protectionist. The level of import penetration on the U.S. steel market was double that of the EEC and three times that of Japan, he said.

The general tone of his remarks pointed against any early resolution of the dispute with the EEC. The European Commission is examining methods of gaining compensation for curtailment of trade.

Mr Brock made it clear, however, that, from the U.S. point of view, action had been taken because the EEC was in breach of a 1982 agreement to hold imports of pipes and tubes to 5.9 per cent of the market. Recently they have been running at more than 14 per cent.

The U.S. has not clarified the legal basis on which it is taking the action. The EEC contends that there was no 1982 agreement, only an exchange of letters, now denounced.

U.S. officials said the question was whether the agreement had been terminated. Once that has been established, U.S. lawyers will decide whether the decision to stop EEC pipes and tube imports for the rest of this year and hold them to 5.9 per cent of the market next year should be notified to the General Agreement on Tariffs and Trade.

Reagan to present $33bn budget cuts to Cabinet, Page 4

THE LEX COLUMN

Less means more for GEC

British companies have never shown much enthusiasm for buying equity off their own shareholders. Since the passage of the 1981 Companies Act, which removed the most conspicuous obstacles, any number of companies have paid lip service to the idea. But, even at a time when the corporate sector's financial surplus has reached record levels, selling paper has seemed an altogether more attractive proposition. Buying in shares is, if not quite an admission of managerial defeat, no way to display corporate machismo.

GEC has always been exceptional in this respect. The company has toyed with countless ideas for returning cash to its shareholders and has consistently argued the case with conviction. So it was encouraging to see the company finally step into the market yesterday and turn the vendor placing on its head. In a company of this size, the acquisition of 25m shares makes little difference to shareholders one way or another, but the mathematics which underlie the operation are hard to contest.

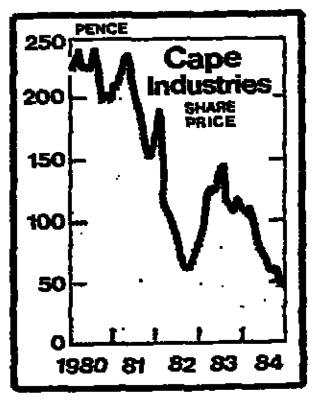
Assuming that GEC makes a 10 per cent return on its invested sterling funds, the company sacrifices 22.8p gross of investment income for every share bought at yesterday's price of 228p. The net surrender works out at 12.5p, satisfactorily below the 14.2p earned on each share in 1983–84. Clearly if interest rates fall further and earnings carry on rising, the benefit to remaining shareholders – in effect the negative dilution – will increase.

The company was prevented by the London Stock Exchange from buying shares ahead of Tuesday's interim figures which, given that the purchases were executed in the open market, seems rather illogical. Not every company is perhaps as scrupulous as GEC, but the implied concern about insider trading looks rather far-fetched in this instance.

Cape Industries

Charter Consolidated should install lightning conductors. Only a few weeks after receiving a direct hit from Johnson Matthey, its head office has been struck again, this time by Cape Industries of which Charter owns 67 per cent. Once again the group will need to dig into its pocket to repair the damage.

The extraordinary write-offs included in yesterday's interim figures will slice Cape's equity base roughly in half and leave net debt representing around 150 per cent of shareholders' funds. About £15m will probably be required just to put Cape into viable shape, and even then there will be question marks about the long-term returns on its automotive and contracting activities. Taking full control would leave Charter perilously exposed to asbestosis claims in the U.S., so the parent will no doubt be expecting minority shareholders to do their bit as well. Charter's own interim figures, due next week, will make interesting reading.



Nottingham/Johnson

At the outset, Nottingham Manufacturing's bid for Johnson Group appeared something of a mystery. Commercial arguments for merging the two businesses were thin, unless it was Nottingham's ambition to make its return out of bullying Johnson towards the most efficient standards of the industry. By yesterday, when Nottingham's offer was raised to a final 440p per share, its motives seemed less opaque; the revaluations dragged out of Johnson in the course of its defence suggest strongly that Nottingham had been looking carefully at the dry-cleaning shops themselves, getting its property sums about right.

This is not surprising, considering how often Johnson has been bid for. The way Nottingham represents its bid as a large premium to asset value may, however, raise an eyebrow or two. Taking Johnson's valuation on trust, Nottingham is arguing that several forms of liability cut the net asset figure back to a manageable £40.4m, or 373p per share. But to get there requires savage assumptions as to the capital gains tax arising from property sales, as well as providing for total crystallisation of deferred tax. Johnson, at any rate, claims that this brutality would cost some £14m.

Whatever the truth of this, there has always been doubt over Johnson's U.S. diversification strategy, as well as its earnings record. The outcome is balanced to the nearest penny; Johnson's shares closed 10p lower yesterday at 440p, after some 400,000 loose shares were shaken out in the market. Neither side can emerge smelling of anything much sweeter than perchlor-ethylene.

3i/Collins

In today's market, medium-sized lenders find it hard to compete with the low-margin/high-volume business of the banks. But 3i, otherwise known as Investors in Industry, has found a wrinkle in the Finance Act which lets it lend money at low rates without denting its post-tax profits.

The borrower issues 3i with a non-interest-bearing loan stock, priced at a deep discount. Though 3i's profit on the stock is treated for tax purposes as income rather than a capital gain, the tax is not due until the loan matures.

In the deal which 3i struck this week with William Collins – a 3-year loan of £7m which will be repaid in a £9.9m lump sum – 3i has the advantage of paying tax at 35 per cent on maturity rather than 45 per cent now or 40 per cent next year.

It has passed some of this saving onto Collins, which additionally can claim tax relief on the imputed interest each year, even though none is paid until redemption.

Of course, the advantage to 3 i of the progressive cut in tax rates will soon evaporate, but private investors might find zero-coupon bonds attractive if they are going to be in a lower tax bracket when the bond matures than they are now.

Faced with a more enthusiastic market, borrowers might now find it tempting to issue zeroes to fund those projects that do not produce a steady income from the start. Even the repayment would not seem so daunting if it were refinanced with normal debt to match the project's eventual earnings.

Acorn pulls out of U.S.

By Jason Crisp in London

ACORN COMPUTER, one of Britain's leading home computer makers, has withdrawn from the U.S. market. It blames poor sales for the decision to end the venture which it set up just over a year ago.

The company had hoped to capture 10 per cent of the U.S. education market but failed to make a significant impact. Acorn is now to close its warehouse and will make most of its 40 administration and marketing staff in Boston redundant.

The decision does not affect Acorn's small research facility in Palo Alto, California.

The company has not yet assessed the cost of the U.S. pullout, but it is expected to be about £6m ($7.25m). In the year to July 1 Acorn had sales of £93.2m of which over 90 per cent was in the UK.

Acorn had been particularly keen to enter the giant U.S. market as a means of sustaining its rapid growth, which had brought it 75 per cent of the British computer education market in the five years since the company was set up.

Mr Chris Curry, managing director, said the U.S. venture failed because of delays in getting approval from the Federal Communications Commission (FCC) and aggressive competition from Apple, the U.S. personal computer group, which has been concentrating on the education market, often giving computers to schools to encourage personal sales.

Acorn said a change in rules by the FCC had meant it had to make a number of modifications to its computers which delayed its entry into the market by nearly eight months. It said the changes were made after it had spent over £500,000 on promotion.

The company paid over £300,000 for the U.S. rights to a BBC television series linked with its computers which was shown on the U.S. Public Broadcasting Service.

Earlier this year Acorn made a number of management changes in its U.S. operations. It sent two key UK executives and appointed Mr Joseph Cashen, one of the founders of Prime Computers, as its U.S. president.

Honeywell pulls the plug on video game supplier, Page 21

UK Government backs down to quell rebellion by MPs

BY OUR POLITICAL STAFF IN LONDON

THREATS of rebellion among Conservative MPs in Britain yesterday forced the Government of Mrs Margaret Thatcher to change tack and back down on plans to raise the parental costs of funding students in higher education.

The plan struck at the heart of Conservative middle-class sensitivities since it required better-off parents to pay more towards the cost of their childrens university education. It so incensed Conservative MPs that more than 180 had signed motions of protest. Local party organisations also complained vigorously.

Last night, however, Sir Keith Joseph, Education Secretary, told the House of Commons that the proposed extra contributions by parents to tuition fees would be withdrawn. He said the proposed rise was "too sharp and too sudden." He had been seeking a saving of £39m ($47m) on the subsidy paid by the state to university students.

The statement has almost certainly headed off what would have been an embarrassingly large revolt at the end of tonight's Commons debate on the autumn economic statement. Senior Tories believe that after previous revolts, the Government should draw lessons about the need for greater consultation with its backbenchers.

Sir Keith, however, has not been forced to climb down totally, since he has retained key elements of his original plan and, in a somewhat backhanded way, has succeeded in gaining widespread Tory backbench support for his aim of considering student loans as an alternative.

The decision to compromise was made at a short meeting chaired by Mrs Thatcher at her Downing Street office. However, Whitehall officials stressed that the compromise was "exceptional" and would, at least on paper, mean less room for tax cuts. Mrs Thatcher is clearly determined that yesterday's concession should not be taken as a precedent.

A review is also to be established to consider "whether a radical change in the student support system, which might include loans, should be made."

The previously announced intention to abolish the minimum student award is unchanged, however, as is the proposed increase in parental contributions to maintenance for those in the middle and upper income levels.

The fees concession will cost £21m in 1985-86, compared with the original proposed savings of £39m.

How other nations count the cost, Page 18

Union Carbide may face claim

Continued from Page 1

in India's current political campaign for this month's general election, opposition leaders raised questions on possible double standards of safety being applied in Third World nations, being less strict than in the home countries of parent companies.

Mr Charan Singh, a former prime minister and president of the Dalit Mazdoor Kisan Party, said the Government should inquire whether Union Carbide had "dumped" antiquated technology into India. India, he said, had been thrown to the mercy of "foreign speculators."

The Communist Party said that the main question to be investigated was whether multinationals were being allowed to set up factories that they would not have in their own countries.

Union Carbide said soon after the accident that the Indian plant was virtually identical to one it operated in West Virginia.

A judicial investigation is to be conducted by Mr N. K. Singh, a Madhya Pradesh state judge, but it will be some weeks before he begins hearings and it might be months before his findings are published. He will be assisted by a team of investigators from the Central Bureau of Investigation, who are now in Bhopal.

Six Union Carbide officials from the U.S., including Mr Warren Anderson, the chairman, are due in India to begin investigating the disaster. Before leaving yesterday, Mr Anderson told reporters that it would take two or three weeks before the company can "find out what did occur. Then we will come out with precautionary and safety measures." Until details were known, the company has suspended production and distribution of the gas, methyl isocyanate, he said.

Bhopal is still in a state of shock, with people continuing to react to rumours in panic. A visitor described it as a city of funerals, with scores of processions of wailing people carrying bodies to burial grounds and cremation sites.

Space in the local Moslem burial ground ran out with the rush of funerals. The traditional tailor at the ground said he had no more material to make shrouds for children's corpses. "I have never seen so many children being buried in a single day," he said

The city's overcrowded hospitals are trying hopelessly to cope with the continuing rush of victims even after treating more than 50,000 people. Police said that at least 25 per cent of Bhopal's 800,000 population must have inhaled the deadly gas.

The atmosphere in Bhopal was declared free of the gas eight hours after the leak, but people have been warned that it might have settled on uncovered food and that they should be careful about what they eat for at least another 72 hours.

In Madhya Pradesh, all political parties have temporarily suspended election campaigning because of the disaster. The state government is now trying to tackle the difficult issue of rehabilitating hundreds of widows and orphans.

After the visit of Mr Rajiv Gandhi, India's Prime Minister, to Bhopal on Tuesday, Mr Arjun Singh, the Madhya Pradesh chief minister, announced yesterday that a survey had been ordered of all industrial plants in the state to find out whether there was a possibility of a similar disaster occurring elsewhere.

Government experts warned that there are at least six other factories in all parts of the country that store poisonous gas and materials in places where there are large concentrations of city dwellers, but claimed that strict safety regulations were in force.

Hoechst and China in joint venture study

By John Davies in Frankfurt

HOECHST, the West German chemical group, has signed an agreement with the China Petrochemical Corporation (Sinopec) to examine the prospects for co-operation between the two groups.

The agreement came at the end of a 10-day visit to West Germany by a delegation from Sinopec, which was formed last year to bring together all China's petrochemical activities.

Hoechst said yesterday that areas of co-operation might include plastics as well as the broad field of "surfactants and auxiliaries" – products such as detergents, disinfectants, solvents and emulsifiers.

The two sides have set up joint working parties to examine exactly where co-operation might be possible and what form it could take.

The Chinese have been anxious to strengthen links with West German companies as part of an effort to build up trade and acquire technological know-how. One of the most ambitious projects is the joint venture Volkswagen and Chinese plan to make cars – a deal signed during the recent visit to China by Chancellor Helmut Kohl.

It is thought that the Hoechst-Sinopec working parties might consider various forms of co-operation, such as delivery contracts and joint ventures.

Sinopec consists of 35 petrochemical complexes employing 480,000 workers. It is involved in crude oil refining and production of plastics, synthetic rubber, fibres and fertilisers.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	13	55	Malaga	C	17	63	Salzburg	S	5	41
Akrotiri	S	14	57	Faro	C	16	61	Malta	F	18	64	Seoul	S	1	34
Algiers	S	16	61	Florence	S	15	59	Manila	–	—	—	Singapore	F	27	81
Amsterdam	F	10	50	Frankfurt	C	5	41	Miami	–	—	—	Stockholm	C	3	37
Athens	F	11	52	Funchal	C	20	68	Milan	S	9	48	Strasbourg	C	4	39
Bahrain	S	23	73	Geneva	C	5	41	Moscow	C	-3	27	Sydney	F	21	70
Bangkok	F	28	81	Gibraltar	C	16	61	Munich	Fg	1	34	Taipei	R	18	64
Barcelona	S	15	59	Guernsey	C	11	52	Nairobi	S	26	79	Tangier	S	18	64
Beirut	S	14	57	Helsinki	–	—	—	Naples	F	16	61	Tehran	–	—	—
Belgrade	S	5	41	H. Kong	S	23	73	New Delhi	S	22	72	Tel Aviv	F	17	63
Berlin	C	3	37	Innsbruck	S	5	41	New York	–	—	—	Tenerife	S	22	72
Biarritz	S	16	61	Inverness	C	6	43	Nice	S	17	63	Tokyo	F	19	66
Blackpool	F	11	52	Istanbul	S	10	50	Oporto	F	16	61	Toronto	C	-2	28
Bordeaux	F	9	48	Jersey	C	11	52	Oslo	C	5	41	Tunis	F	17	63
Brussels	S	10	50	Jo'burg	–	—	—	Paris	S	11	52	Valencia	S	15	59
Budapest	S	1	34	Las Palmas	S	21	70	Prague	C	-1	30	Venice	S	7	45
B. Aires	F	33	91	Lima	F	23	73	Reykjavik	Sn	0	32	Vienna	S	2	36
Cairo	C	20	68	Lisbon	R	14	57	Rio de J'o	C	31	88	Warsaw	S	1	34
Cape Town	F	18	64	Locarno	S	7	45	Rome	S	18	64	Zurich	C	2	36
Caracas	C	26	79	London	R	11	52								
Casablanca	S	19	66	Los Angeles	–	—	—								
Copenhagen	C	4	39	Luxembourg	Fg	4	39								
Corfu	C	17	63	Madrid	C	9	48								
Dublin	S	11	52	Majorca	–	—	—								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

CBS in China TV deal

Continued from Page 1

IBM, which installed its first computer in China in 1979, said it believed its commercials would serve as an introduction to the company and to the role of the computer in today's world. The advertising messages will "discuss the contributions of data processing in various aspects of everyday living."

The agreement also appears to be a fine illustration of that good old capitalist marketing practice of promotion through loss leaders. CBS does not admit that it will actually dip into the red, so to speak, on the contract, but it says that it is unlikely to make what the Chinese would call a surplus.

"What is important for CBS is the promotional opportunity and the chance to set up on ongoing relationship," the company says. In the longer term, it clearly believes that this might yield dividends, pointing to the fact that the 45m households with television sets are a tiny fraction of the potential market.

"The atmosphere there is so upbeat and capitalistic at the moment," the company says, adding that the Chinese themselves are not missing a money-making trick: whatever the success of the CBS advertising sales drive, the Chinese will apparently make some money in hard-currency dollars

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SECTION II – INTERNATIONAL COMPANIES
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Overcapacity forces closure of Coastal's Antwerp refinery

BY WILLIAM HALL IN NEW YORK

COASTAL CORPORATION, the Houston-based energy group, is to close permanently its 65,000 barrels a day refinery in Antwerp, as evidence mounts that the European refining industry is facing a fresh spate of closures.

Last week Mobil Oil, the second biggest U.S. oil company, began talks which could lead to the closure of its Hamburg refinery, the largest oil refinery in West Germany.

Coastal said that there was about 50 per cent overcapacity in the European refining industry. Its Antwerp refinery has been losing money for some time. It bought the refinery from Occidental five years ago.

Recently the refinery has been operating at a rate of 47,000 barrels a day. The Belgian operations, which employ 200, have a net book value of less than $5m and the planned shutdown will not have a material effect on Coastal's reported earnings.

Coastal's Antwerp refinery was its only overseas refining outpost. The company said it is realigning its operations to re-emphasise its extensive U.S. distribution and marketing business. In connection with this Coastal announced yesterday that it was buying Texaco's third biggest U.S. refinery at Eagle Point, New Jersey, for $42.5m. Its capacity is 90,000 barrels day.

Coastal says that the cost of the refinery is less than $475 per barrel of daily capacity.

"We believe this is an excellent opportunity to add refining and terminal facilities in the heart of one of our major markets under highly attractive terms," said Mr Oscar Wyatt, Coastal's chairman.

As part of the deal Coastal has agreed to process up to 50,000 barrels of crude oil a day for Texaco over the next three years.

Louise Kehoe in San Francisco examines the decline of Synertek

Honeywell pulls plug on chips supplier

THE HOST of Pac Man made an unexpected appearance in Silicon Valley this week. The legend of the multi-million dollar video game industry came back to haunt Synertek, once the main supplier of memory chips to companies like Atari and Activision.

Since the collapse of the video game business in 1983, Synertek has been struggling to survive. On Monday, the semiconductor manufacturer's parent company, Honeywell, closed the company down, leaving 1,000 Synertek workers unemployed and the remaining 200 with an unsure future.

An estimated 80 per cent of Synertek's business was until 18 months ago in the supply of Roms, the memory chips used to store programs in video game and home computer cartridges. Since 1983, however, that business has been dwindling, and Synertek has made valiant efforts to diversify into the high-growth market for "semi-custom" chips.

"We were never able to properly implement the plan," Honeywell executive vice-president H. D. Elverum said.

In 1983 and 1984, Synertek made "substantial losses" according to Honeywell. The parent company does not report Synertek's financial results, but industry analysts estimate that Synertek lost more than $40m each year on annual sales of about $100m.

Despite the obvious financial problems and earlier layoffs of a few 100 workers, Synertek employees were shocked by Honeywell's decision to close down the company.

"We were working very, very hard trying to turn the company around," said a Synertek manager. "Evidently, Honeywell decided it couldn't be done."

"It was a terribly difficult but necessary decision," explained Mr Elverum. "We did a lot of soul-searching, but all of the alternatives came down to increased investment in the company, and there was no prospect of profits for another two or three years."

During the video game boom, Honeywell ploughed over $100m into expanding Synertek's California production facilities with a new plant in Santa Cruz that opened in 1982. The expansions quickly ceased as Synertek's video game market disappeared.

"The losses and layoffs led to a high turnover of engineers," said Mr Elverum.

Synertek lost many of its senior engineers to start-up companies and competitors. This summer a group of key employees left to start their own chip firm.

"We lost an inordinate number of people to start-ups," Mr Elverum said. "It is hard for a corporation like Honeywell to offer the same incentives."

He explained that independent Silicon Valley chip makers typically rewarded key employees with stock-options. "It is a unique culture."

Some industry analysts blame Honeywell for not understanding the Silicon Valley culture. One analyst said Honeywell "smothered Synertek with paperwork and controls" that drove away a lot of good people. He suggested Honeywell did not react quickly enough to the changes in the semiconductor market.

Others disagree. Synertek would undoubtedly have failed faster had it not been for Honeywell, according to Mr Jay Stevens, a Dean Witter Reynolds stock analyst.

Honeywell stands to loose between $60m and $70m as a result of its decision to close Synertek, industry experts estimate. Much of the values of a semiconductor concern is in its people, rather than its facilities.

With its engineering staff gone, Synertek's facilities will be worth "several times less" than they were as an operating concern, according to Mr Glen Madland chairman of Integrated Circuit Engineering, a leading industry consulting group.

ICE brokered the attempted sale of one of Synertek's production facilities earlier this year but was unable to find a buyer for the factory.

Honeywell may not find it easy to sell Synertek's property now. Although semiconductor production facilities were in demand six months ago, the semiconductor market has recently turned into a decline.

The outlook is uncertain, and U.S. firms are delaying plans for new plants and expansions as they wait to see whether the downturn is temporary or the beginning of a real recession in the industry.

These same uncertainties made it easier for Honeywell to decide what to do with its loss-making semiconductor subsidiary. Honeywell was also determined to boost its corporate pride with a banner year in 1985.

At a recent meeting, Mr Elverum told security analysts: "I want to make it clear that, if action (to stem Synertek's losses) is required, we would expect to take it this year in order to ensure that 1985, our 100th anniversary year, will be a year of excellent profit performance."

Half-year profits at Toshiba rise 60%

By Yoko Shibata in Tokyo

TOSHIBA CORPORATION and its 35 consolidated subsidaries reported a 60 per cent jump in net profits in the group's first half to September. Sales of Y1,598bn ($6.5bn) were up 25 per cent from the previous year. The earnings rise was mainly due to growth in the electronics field, including semiconductors and office automation equipment sales.

Sales of Toshiba's industrial electronics and electronic components divisions rose by 33 per cent to account for 34 per cent of turnover. In particular, sales of semiconductors at home and overseas each rose 60 per cent.

Because of the hot summer, sales of home electric equipment, including air conditioners, rose by 12 per cent to account for 27 per cent of the total. The company's VCR sales rose by 30 per cent with overseas VCR sales up by 50 per cent.

Thanks to the delivery of nuclear power generation equipments, sales of heavy electrical apparatus rose by 33 per cent to account for 28 per cent of total sales.

For the current year, ending March 1985, Toshiba expects to achieve a record earning performance. Full-year net profits are projected at Y89bn on sales of Y3,300bn.

● IBM Japan, a wholly owned unit of the U.S. computer group, raised its capitalisation by Y23.65bn to Y98.65bn from Y75bn, effective from December 1.

The increase was aimed mainly at providing funds for capital spending, in particular for a research facility and production plant, an IBM Japan representative said.

IBM Japan tapped its special reserves for Y18.75bn of the Y23.65bn increase, and raised the remainder by allocating 49m new shares to IBM World Trade Americasat Far East, its direct parent company.

U.S. Steel gloomy on fourth-quarter outlook

NEW YORK – U.S. Steel does not expect fourth-quarter net income to match the $153m in the third quarter, Mr David Roderick, chairman, said.

In last year's fourth quarter, U.S. Steel lost $983m after a pre-tax charge of $1.14bn, the estimated cost of plant closures.

The 1984 third-quarter profit included a $10m gain from a debt repurchase, a $40m pre-tax write-down of a unit and pre-tax gains from assets sales of $120m.

Mr Roderick said the fourth quarter will show an operating profit. He said results would be held down by the current sluggishness of steel markets.

He added that the company is in "advanced talks" on five or six asset sale transactions

U.S. Steel has a target of selling $1.5bn in assets from 1984 to 1986 and has already sold about $575m worth, Mr Roderick said. The company plans to reach the $750m point in the programme by the end of 1984.

Reuter

Better Du Pont results boost Seagram earnings

BY ROBERT GIBBENS IN MONTREAL

A SHARP increase in contributions from Du Pont of the U.S. substantially boosted the earnings of Seagram of Canada in the third quarter and first nine months of 1984.

Seagram, the world's largest distiller, reported third-quarter net income of $102.7m, or $1.12 a share, against $100.9m, or $1.13 a share on fewer shares outstanding. Sales and other income from the worldwide drinks business was $746m against $701m. Seagram reports in U.S. dollars.

Net income included $37m in Du Pont dividends against $28m.

In the nine months, net income was $299.6m, or $3.37 a share, against $229.8m or $2.56, on total sales and other income of $2bn against $1.8bn. Du Pont dividends of $104m, against $84m, were included, as well as equity in Du Pont's unremitted earnings of $117m against $63m.

Revenue and income rise for G & W

By Our Financial Staff

GULF & WESTERN Industries, the New York-based conglomerate which last month agreed to take over Prentice-Hall, the U.S. publishing group, for $705m, has lifted net earnings from continuing operations to $56m, or $79 cents a share, in the first quarter ended October 31, from $51m, or 64 cents in the same period last year.

The latest quarter excludes earnings from discontinued operations of $1.2m, while the first quarter of 1983–1984 excludes a $25.6m gain from liquidation of the company's securities portfolio. Sales edged ahead from $989m to $1bn.

Atari reduces price of personal computer

BY OUR FINANCIAL STAFF

ATARI is making an immediate 23 per cent reduction to DM 499 ($160) in the price of its 800XL home computer in West Germany and similar cuts in the UK and Italy.

The group is aiming for personal computer sales in West Germany of between $100m and $125m in 1985. It has scheduled the introduction of a 32 bit microcomputer for next March, Mr Jack Tramiel, group chairman, said, but gave no comparative figures for current year sales.

"I believe with our price change Atari will become one of the market leaders in Germany," he said.

Mr Tramiel estimated the company's share of the West German home computer market at 8 per cent, compared with 2 per cent last year.

He is a co-founder of Commodore International, which market sources said dominates the West German hobby computer market with a share of about 76 per cent. Tramiel's share of Commodore was bought out in January and in July he paid Warner Communications $240m in long-term notes for Atari.

Atari lost about $500m in 1983 on world sales of $2bn

The group intends to make a public offering of its stock next summer and to raise about $150m in three separate equal debt issues over the next two years.

Facility signed for Brazilian project

By Andrew Whitley in Rio de Janeiro

A DM 150m loan guarantee facility arranged by Lloyds Bank International (LBI) for Cia Vale do Rio Doce (CVRD), the Brazilian state-controlled mining company, was signed yesterday.

The facility covers the drawdown by CVRD of the second tranche of a $400m equivalent loan from the European Coal and Steel Community for the development of the Carajas iron ore mine in the Amazon.

Lloyds is sole lead manager and agent for a syndicate which includes Bankers Trust and Commerzbank.

The commission fee on the 10-year facility is 1.75 per cent, marginally lower than the 1.875 per cent fee charged on the first DM 160m tranche arranged in May. Drawdown will take place on December 18.

Unlike the first tranche, also led by (LBI), the World Bank is not participating as a co-guarantor in the operation. The World Bank has been a leading backer of the $3.6bn Carajas project, providing financial and technical aid since its inception in the mid-1970s.

The Carajas mine and its 550-mile railroad are due to be inaugurated by President João Figueiredo next February.

Capital Markets, Page 42

Battle for Heritage intensifies

By Our Financial Staff

THE BATTLE for control of Heritage Bancorp, the New Jersey bank, intensified yesterday when two further merger proposals were made for the company, taking the total number of offers to four.

Like last week's bid for the company from United Jersey Banks, the fast-growing Princeton-based bank holding company, the latest offers seem designed to exploit the legal quagmire surrounding the agreed bid for Heritage from Mellon bank of New York.

This bid has been opposed by the Federal Reserve

Heritage, which has assets of about $1.9bn, said yesterday that it had received a letter from Midlantic Banks proposing a merger at $45 per share of Heritage common stock.

Heritage has also received a proposal from First National State Bancorporation, new Jersey's largest bank holding company.

INTERNATIONAL COMPANIES and FINANCE

Deutsche Bank on course for record

BY JONATHAN CARR IN DUSSELDORF

DEUTSCHE Bank, West Germany's biggest commercial bank, is on course this year to repeat the record operating profits achieved in 1983.

Last year's operating profit is understood to have been around DM 4bn ($1.31bn), although the bank has not publicly confirmed this.

Deutsche Bank is the last of the so-called "big three" German banks to present results for the first 10 months—and an outlook for the year—markedly better than generally expected in the spring.

Dresdner Bank said recently that it expected group operating profit this year to be around the 1983 level of some DM 2bn and the Commerzbank group says it will come close to matching its 1983 result of DM 1.2bn.

All three banks have suffered a cut in interest margins this year, but Deutsche Bank's is still just over 3 per cent, whereas those of its rivals are clearly below.

Thanks to an increase of 5 per cent in average business volume, Deutsche Bank was able to boost its interest surplus in the 10 months by 0.7 per cent to DM 3.5bn.

After deducting personnel and other operating expenses, the bank's "partial operating profit" was down by just 2.7 per cent to DM 1.5bn. The Dresdner figure for the same period was down by 7.9 per cent to DM 649m and the Commerzbank figure was down by 8.2 per cent to DM 527m.

Like its rival, Deutsche Bank has also been making a handsome "but unspecified" profit from trading on its own account in securities and foreign exchange.

Herr Wilhelm Christians, joint chief executive at Deutsche Bank where outlook is markedly better

Deutsche Bank is already well-placed to comply with the tougher provisions of German banking law amendments, which are due to start coming ito force from next month, said Herr Wilhelm Christians, joint chief executive.

U.S. arm checks Triumph-Adler

The West German office equipment group has made considerable recovery, writes John Davies in Frankfurt, but it is still in the red

HERR WOLFRAM NADEBUSCH shakes his head emphatically to dismiss any suggestions that he has left a clearly defined industry for one full of uncertainties.

After six weeks as the new head of Triumph-Adler, the West German office equipment group, Herr Nadebusch professes to have a clear concept of how the company should face up to the fast-changing world of data and text processing.

Until now, his business has been motor vehicles and his last job was head of Volkswagen's operations in Nigeria.

But VW, which bought Triumph-Adler in a diversification move five years afo, decided to send in Herr Nadebusch as an experienced and reliable manager to steer its subsidiary over further bumpy terrain towards profitability.

Triumph-Adler has already made major progress in hauling itself back from the brink of ruin.

Its Frankfurt factory, threatened with closure three years ago, has been converted into a highly modern plant which is turning out an electronic typewriter every 20 seconds during two shifts of work. More than half the machines go to the lucrative U.S. market.

The company has also streamlined the logistical structure of its five West German factories, concentrating each individual operation at a single plant and interweaving supplies through a tightly-organised transport network. The vital electronic parts for Triumph-Adler's typewriters and for its personal and office computers are being assembled at a recently completed electronics centre at its Nuremberg factory.

Herr Nadebusch says that Triumph-Adler's group sales will rise about 15 per cent to DM 2.3bn ($752m) this year, but the group will still show a loss—after reducing it substantially to DM 49m last year. "The hurdle is still too great," he says.

Triumph-Adler has had new setbacks this year, with a sharp rise in the cost of electronic components and a strike at its Frankfurt factory during the West German metalworkers' campaign for shorter working hours.

The biggest problem, Herr Nadebusch says, is in the U.S. where there will be heavy write-offs at its Pertec office computer subsidiary. However, Pertec will not be closed, he adds.

VW's concern, especially about Triumph-Adler's computer business, lay behind the resignation of Dr Pieter Niedner as chief executive in July and his replacement by Herr Nadebusch. VW has put well over DM 1bn into its Triumph-Adler venture, in the form of the original purchase price and subsequent funds to cover losses and modernisation. Herr Nadebusch says he would be surprised if VW pulled out now after such a commitment.

But where does TriumphAdler go from here?

Although Herr Nadebusch concedes that no-one really knows how the office of the future will look, he sees clear guidelines for Triumph-Adler's future.

In addition to its strength in electronic typewriters, the company must continue to be in computers in order to provide users with the range of products taking shape as an integrated office system of text and data processing.

The company must strengthen its marketing, ensure that production techniques remain up to date and flexible, give high priority to software, and bring new products to the market early enough to reap a good financial return before competitive pressures mount.

"What Triumph-Adler is lacking is extension into the area of data transmission," Herr Nadebusch says.

Referring to the link between Olivetti, the Italian office equipment group, and AT & T, the U.S. telecommunications group, he says: "It would be sensible to find a partner. There need not be a link-up in terms of capital, but there could be co-operation."

Herr Nadebusch asserts that no talks have yet taken place with potential partners.

Triumph -Adler has been talking with IBM, however, about the supply of certain electronic typewriters as the basis for IBM models. Herr Nadebusch says that a deal would be a "one-way street" and would not involve the supply of IBM computer equipment to Triumph-Adler.

Metallgesellschaft hopes to pay dividend this year

BY JOHN DAVIES IN FRANKFURT

METALLGESELLSCHAFT, the West German metals, engineering and chemical concern, hopes to resume dividends this year having omitted payouts in the past three years.

Dr Dietrich Natus, the chief executive, said that the company had an "extrordinarily high" operating profit in the year ended September 1984. But it had decided to use its earnings to meet the heavy cost of dealing with problem areas, and to strengthen its financial structure.

Group sales in 1983-84 rose 5 per cent to DM 10.3bn, while world-wide revenue, including foreign subsidiaries, was 20 per cent ahead at DM 13.5bn ($4.4bn). Group net profit, which has not yet been firmly established, is expected to be unchanged at DM 25m.

Dr Natus said Metallgesellschaft hoped to be able to pay at least DM 5 dividend a share for the current year. The last dividend paid was DM 4 for 1980-81.

Once a dividend was in sight, the company would take steps to arrange a capital increase to further bolster its resources, Dr Natus declared.

The company's problem area of nickel technology, said Dr Natus, had improved with the decision to close the pipeworks at Duisburg and to co-operate in production with Mannesmannroehren-Werke.

Losses in Canadian mining had also been halted with the costly closure of the Highmont copper and molybdenum mine. However, the company had put aside hefty risk provisions for the Ok Tedi gold and copper mine in Papua New Guinea.

Dr Natus said that the company was returning to "normality" in the wake of the restructuring measures of recent years.

It was planning a big increase in investment, which would rise to DM 320m this financial year, compared with DM 242m in 1983-84.

ITT to invest 50% more in West Germany

By Our Frankfurt Correspondent

ITT, the U.S. telecommunications concern, is increasing spending on research and capital investment in West Germany by 50 per cent to DM 6.4bn ($2.1bn) over the next five years.

The increase is mainly to boost technological development in electronics, communications and motor vehicle components.

At the same time, that it is considering production in West Germany of European-designed videorecorders of the VHS format.

The company said yesterday it was too early to give details, but indicated that production might start up next year at its Bochum factory, where television sets are being produced. At present ITT sells in Europe videorecorders supplied by JVC of Japan.

Standard Elektrik Lorenz (SEL), which earns more than half of the DM 7.4bn sales revenue of ITT's 50 subsidiaries in West Germany, will contribute the lion's share of the group's outlay in the country. It will acount for almost DM 3bn of the DM 4.2bn spending on research and DM 1bn of the DM 2.2bn capital investment.

Mr Daniel Weadock, president of ITT Europe, said that West Germany had the "right credentials" to attract business.

Dr Helmut Lohr, SEL's chief executive, said that further development of digital switching systems and optical fibre communications were among the areas of high research priority.

Same again at Danfoss

BY HILARY BARNES IN COPENHAGEN

DANFOSS, the hydraulics, industrial automation and temperature control equipment manufacturer, estimates pre-tax earnings for the year ended September 1984 at an unchanged NKr 363m ($40.8m). Sales for the year increased by 11 per cent to NKr 4.7bn.

Last year's operations were affected by the first major strike in Danfoss' history, but the impact on production and sales was largely overcome in subsequent months, culminating in an increase of over 1,000 to a year-end total workforce of 12,655.

● The fast recovering Brazilian truck market is proving to be the best in the world this year for Saab-Scania, according to the Swedish vehicle and aircraft manufacturer, writes Andrew Whitley in Rio de Janeiro.

Domestic truck sales are up by 42 per cent in 1984 compared with the same period last year, while bus sales have risen by 17 per cent. Exports of all vehicles show a 24 per cent increase.

Kuok buys into Chinese tourist trade

By Chris Sherwell in Singapore

SHANGRI-LA HOTEL, part of the empire controlled by tycoon Mr Robert Kuok, is taking a 20 per cent stake in a Hong Kong-based company with a large interest in a resort hotel in the mainland Chinese city of Hangzhou, in Zhe Jiang province.

The move is reported to be part of a wider plan by the Kuok family to help develop China's tourist industry through the building and management of hotels in the country's major cities. The Kuoks are also involved in a large Peking trade centre project.

The Singapore-incorporated company's new stake, worth U.S.$300,000, will be in Shangri-La *International* Hotels (Hangzhou), which holds a 49 per cent share in Hangzhou Hotel (1984). The remaining shareholding is believed to be controlled by the Chinese authorities.

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INTL. COMPANIES

INSURANCE BROKERS MERGE

Alexander finds the 'perfect partner' in Reed Stenhouse

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

ALEXANDER & Alexander Services's plan to merge its business with Reed Stenhouse Companies shows that the U.S. insurance broker has lost none of its capacity to surprise.

As the world's second largest insurance broker Alexander & Alexander often tries harder than its notable rival, Marsh & McLennan, the world's leading broker, with variable results. Its last merger, with the London-based Alexander Howden group, produced problems which are still being unscrambled.

Yet Alexander & Alexander's enthusiasm for expansion and mergers remains undiminished. Mr John Bogardus, chairman, said on Tuesday that the company was "looking to be a global international insurance broker. This will help us get to that position."

In merging with Reed Stenhouse, Alexander & Alexander is joining with a Canadian-based insurance broking group with 6,100 employees in over 180 offices in 33 countries. Reed Stenhouse's strength lies in its retail broking operations where it has direct contacts with industrial clients which produce insurance business.

Alexander & Alexander's strengths lie in its wholesale broking operations, where it arranges re-insurance protection for insurance companies who accept the risks. Not surprisingly, the move was being described as "a perfect fit."

For years Alexander & Alexander has been trying to develop its business in world markets. Alexander & Alexander was in the vanguard of U.S. brokers who decided to invade London in the late 1970s and acquire Lloyd's insurance brokers.

Reed Stenhouse also has significant Lloyd's interests through the management of insurance syndicates in the market and Lloyd's broking operations.

The entry into London formed the cornerstone of an international drive. The importance of London had been recognised earlier when Reed Shaw Osler, now the Reed Stenhouse group, formed a link with Stenhouse Holdings, the parent company of Lloyd's brokers, in 1973.

Only brokers approved by Lloyd's could produce business for Lloyd's insurance underwriters. With the collapse of the U.S. stock market in the early 1970s, U.S. insurance companies found that the values of their reserves had shrunk. They sought huge lines of re-insurance protection, laying off their risks with other insurance concerns, such as Lloyd's. Lloyd's rapidly evolved as a big re-insurance centre.

U.S. insurance brokers moved into London when they saw that Lloyd's brokers not only had exclusive access to a powerful re-insurance centre, but also extensive international networks.

Lloyd's brokers also had access to the commissions, which could be generated on just one account passed over from the Americans through the re-insurance business passed on by Lloyd's underwriters.

The attractions of London and the international re-insurance arena proved overwhelming and the U.S. brokers looked beyond their markets. Alexander & Alexander tried to forge a merger with Sedgwick Group, Britain's largest independent broker, but talks broke down after three years because of arguments about who ran the combined business.

A merger with Alexander Howden, another British insurance broker in 1981 was nearly disastrous when the U.S. brokers found to their cost that Howden's financial affairs did not appear to be quite what they seemed.

Now, after dealing with most of the problems at Howden, Alexander & Alexander is in a mood for further expansion. "They have operations in New Zealand, where we have nothing," said Mr Bogardus. Reed Stenhouse also has operations in South East Asia and Australia. In some other countries it is the largest broker with which clients deal directly.

Reed Stenhouse's brush with the UK has not been entirely satisfactory. It had a long-standing relationship with Stenhouse Holdings in a byzantine cross-shareholding structure. The performance of the British operation was indifferent. In 1983 the Canadian operation bought out Stenhouse in the UK.

For the future, Mr Bogardus reckons that both sides are under-represented on the employee benefit and pensions side of the business. This may be the next area of expansion and brokers with strengths in this personal line of insurance business will probably be next on the hit list.

The merger may not take Alexander & Alexander into first position in the world's insurance broking league. The enlarged group will perhaps deter possible predators from making their own acquisition of Alexander & Alexander, however.

Sedgwick Group, with ambitions to become the world's largest broker, was seriously contemplating a possible full takeover of Alexander & Alexander last year in the wake of the U.S. group's problems with the Howden merger.

VONTOBEL EUROBONDINDIZES

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	Today	INDEX Last week	Year's High	Year's Low
US$ Eurobonds	11.52	11.66	13.39	11.41
DM (Foreign Bond Issues)	7.17	7.24	7.90	7.14
HFL (Bearer Notes)	7.10	7.14	7.80	7.10
Can$ Eurobonds	12.50	12.48	13.96	12.43

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Personal

Company Notices

Announcements

Anthony McDermott on a Swiss group giving scope to tunnelling

Amberg digs out a new concept

AMBERG AG typifies what Switzerland excels at. Based at Sargans, near the border with Liechtenstein, it is very much a family business, founded by Mr Rudolf Amberg, who has two daughters and one son, already in management or qualified and keen to be so. Its speciality is tunnelling; and its centrepiece is the remarkable underground facility close-by at Hagerbach probably unique for a private company in Europe where companies can practise tunnelling techniques.

It is small, employing overall at Sargans, its office in Zurich and at Hagerbach, some 60 people. It has considerable potential for earning at home and abroad.

Mr Rudolf Amberg has guided his company in three main directions, which reflect his own interests, career and training. He used to be the technical director of the Sargans iron mines, owned by Sulzer, of Winterthur, the engineering concern. In 1966, the mines were closed, and he decided to strike out on his own, instead of settling for another position with Sulzer.

First, there is Amberg Ingenieurburo, which is an engineering and consulting office for underground works. The expertise here has involved providing safety doors for Zaire's copper mines, and has evoked interest recently from British Rail. But the feather in Mr Amberg's cap is his role as supervising engineer for the Furka Tunnel. This SwFr300m ($120m) project, completed in 1982 after nine years of work under extremely difficult conditions, provides the only all-year-round East-West rail connection — 15.5 km long — under the Gotthard Massif in South central Switzerland.

Second, there is Amberg Messtechnik (A MT) which specialises in the invention and development of instruments for the measurement of rocks and tunnels here. Its most recent and special product, costing SwFr 35,000 a time is the A MT Profil. This highly mobile device, by means of a light revolving through 360 degrees linked to a computer printout, is able to reproduce swiftly the profile of a tunnel.

Third, and most important, is the tunnel complex at Hagerbach. *This is different in that,* since activities began in March 1970, it has been run with Schweizerische Industriegesellschaft, the Neuhausen machinery and small arms company. Together the two companies have formed Versuchsstollen (meaning "Test gallery") Hagerbach, with a share capital of SwFr 850,000 ($340,000) of which Amberg holds SwFr 600,000, or 70 per cent. Investment in construction work has totalled about SwFr 15 m.

Leaving aside Defence Ministry operations and holes in the ground for practising the disposal of nuclear waste, the Hagerbach complex is unique in Switzerland. It started almost by accident. Mr Rudolf Amberg had the inspiration that there was a need for an area in which tunnelling techniques could be practised. He leased ground from the community of Mels, at the bottom of a wooded peak rising some 2,000 metres, started tunnelling and, as he says, "just kept going." There are now 1.7 kilometres of galleries and caverns—workshops, testing grounds and rock insulation for explosives, firing alleys and laboratories. These have cost about SwFr 15m to excavate. Amberg's staff there is small—12 in all, supplemented by others from SIG—because, while its staff is at the disposal of those who lease space, it is happy to permit tenants to operate independently.

Mr Rudolf Amberg, and Amberg, the private company, are *coy on two main points.* The first is earnings. For the company as a whole this year turnover should be slightly up on 1983, at between SwFr 6m and SwFr 7m. Of this SwFr 3m to SwFr 4m will be accounted for by Hagerbach. The international side of all Amberg's operations is illustrated by the fact that sales of the Profil instrument go as far afield as Japan, Canada, Kenya and Mexico. In the last two years, it has had consultation contacts with China, Japan and the Soviet Union.

The second coyness stems from defence connections, and this stands out to be a key element in Hagerbach's earnings. For years, the Swiss defence establishment has been trying to put as many of its strongholds as possible, including the alternative seat of government, under the Gotthard, underground.

In the dark tunnels where different shoring up techniques and synthetic coatings have been practised, and where heavy spider-like vehicles are advancing on rail tracks to find out what happens when rock is penetrated, Amberg points out smooth wall facing experiments, demanded by the Defence Department, as being easier to sweep clean in the event of the nuclear attack.

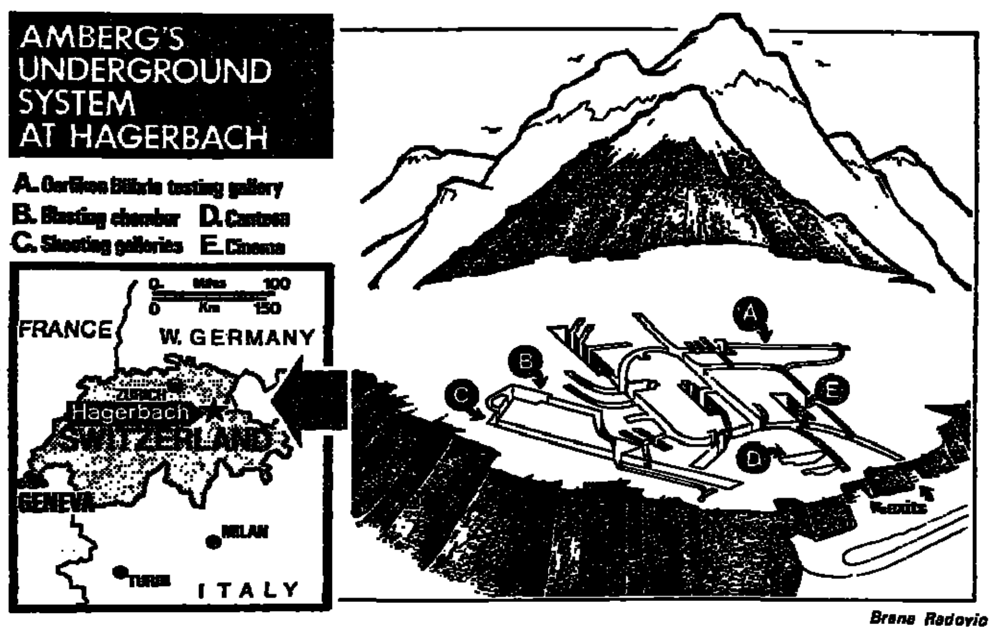
It would be surprising if Amberg was not involved one way or another in the construction of nuclear shelters, given Switzerland's multi-billion franc investment in such projects.

In one long chamber, the Zurich-based company, Oerlikon-Buehrle, which has arms production as one of its major interests, is testing a 25 mm heavy machine gun, which is in general use in the Swiss armed forces. There is, too, a 100-metre long chamber where not only can any shooting club in Switzerland, of which there are more than 3,000, rent time at SwFr 100 per day, but also certain branches of the police practice against moving targets. For the heavier stuff there is a sand-bottomed, roof blackened area for testing (and filming) explosions, at the cost of SwFr 1,000 a day. This is formidably guarded with thick steel doors, which can contain the force of an explosion equivalent to 50 kilograms of TNT going off.

These facilities have brought in numerous clients. On the wall to the left of the discreet entrance, there is a list of companies, which includes such companies as Societe Suisse des Explosifs of Brig, Aliva Maschinenfabrik of Widen, Epple Bauchemie of Stuttgart, and Bergwerksverband of Essen.

And there is total life underground. For visiting companies, there is a dormitory and cinema, as well as a laboratory. A typically Swiss touch is the division of the cafeteria between the workers and the directors.

That aside, Mr Rudolf Amberg makes the point that he has plugged himself into a profitable tendency. "The main thing," he says "with ecology, for example, is to put all traffic lanes underground. *There is a tendency to preserve the profile of towns, so today all big things have to go underground.*" Amberg AG would seem to be in the forefront of any such development.



Brana Radovic

New chief at Royal Insurance

Mr Alan A. Horsford takes over as chief executive of ROYAL INSURANCE on January 1. He became president of Royal's Canadian companies in 1974. After returning to the UK in 1979 he was appointed a general manager and a director of the parent company and its principal subsidiaries worldwide. He became deputy chief general manager in 1983.

★

Mr A. G. Woolnough has joined MEACOCK SAMUELSON & DEVITT (REINSURANCE BROKERS), part of the Devitt Group as an assistant director.

★

WORLEY ENGINEERING part of AMEC has promoted **Dr Richard P. Harris** to managing director. He was operations director.

★

Mr R. D. McIntyre-Brown has been appointed group finance director of WALTER RUNCIMAN from January 1.

★

Mr J. V. Bedford has been appointed managing director and chief executive of MINTEX, a BBA Group company.

★

Mr David M. Gwyther, sales and marketing director, will become managing director of SHOWERINGS, part of Allied-Lyons, on the retirement of *Mr Edward J. Webb on March 31.* **Mr Simon J. Neale** will continue as assistant managing director.

★

WINGATE PROPERTY INVESTMENTS has appointed **Mr W. G. Nutley** as a non-executive director.

★

Mr Roy Wilson, chief accountant of the GEE/ROSEN ORGANISATION, has been appointed company secretary. The post was previously held by **Mr Jeffrey Goodman**, finance director.

★

CHLORIDE AUTOMOTIVE BATTERIES has appointed **Mr Eric Springate** as sales director. He joins from Pitney Bowes, where he was marketing director.

★

Mr Paul Derrick, general manager operations, PETROFINA (UK), has been appointed to the board. He will remain in charge of operations.

★

Dr Robert South has been appointed assistant director of the Watson House research station of BRITISH GAS in Fulham. He was manager of the stations housing development division.

★

Mr David E. Williams, a general manager, has been appointed a director of COMMERCIAL BANK OF WALES.

★

Mr Bill Foy has been named managing director of CHARLES FULTON (IDB), which plans to operate exclusively as inter-dealer brokers when the new gilt edged market becomes operational in 1986. He has spent the past two years at Marine Midland Bank where he gained first-hand experience in the U.S. bond market.

★

Mr Michael Ward has been appointed an associate director of COOPERS & LYBRAND ASSOCIATES.

★

Mr Peter Elston has been appointed a director of HENRY BOOT NORTHERN, Sheffield.

★

Mr D. R. Lowe, Mr J. D. I. Faircloth and **Mr G. Davies**, have been appointed directors of EXCESS INSURANCE COMPANY.

★

Mr Malcolm Crozier, regional manager, has been appointed a director of MILLER BUCKLEY CONSTRUCTION and becomes area director for the northern region.

★

Mr Barry Challinor has been appointed sales director of CAMBRIDGE INTERACTIVE SYSTEMS (PRODUCTS).

★

Mr Derrick Willingham, president of Sterling Pump Companies, has been elected chairman of the BRITISH PUMP MANUFACTURERS ASSOCIATION (BPMA).

★

Mr Keith Carpenter has been appointed a manager of PEGASUS HOLDINGS equity finance subsidiary of Lloyds Bank. He succeeds **Mr Brian Davies** who has been appointed deputy regional general manager of the north west regional head office of Lloyds Bank, based in Manchester.

★

Mr Robert Stephenson has been appointed managing director of SANCELLA, which is jointly owned by Bowater-Scott Corp of the UK and Molnlycke of Sweden.

★

Mr E. W. Short, sales director for ST REGIS PACKAGING, has been appointed marketing and sales director of the corrugated division.

★

TARMAC BUILDING PRODUCTS has announced that **Mr Chris Myatt** has taken over responsibility for Tarmac Polymer—a group of five companies engaged in the compounding and processing of natural and synthetic rubber. Mr Myatt is chief executive of the Trent Group, a post he retains. He takes control from the former Tarmac Polymer managing director, **Mr David Evans**, who is leaving to pursue other business interests.

★

Mr James Hodson has been appointed as secretary and as financial director of LAKE & ELLIOT, in succession to **Mr Ronald Biddle**.

★

PENCOL ENGINEERING CONSULTANTS has appointed **Mr John Hanford** as managing director, and **Mr David Lewis** and **Mr David Kincaid** as directors.

★

FRASER WILLIAMS GROUP, Liverpool, has appointed **Mr John Kinder** to the board. He joined from ICL in 1970 and has been director in charge of Fraser Williams (Manchester) since 1977.

★

Mr D. M. C. Donald will retire as chairman and as a director of the FLEMING CLAVERHOUSE INVESTMENT TRUST on December 31. **Lord Mark Fitzalan Howard** has been appointed a director from January 1.

★

WESTPAC BANKING CORP. has appointed **Mr Michael Beales** as head of treasury, London office. He was previously with the Royal Bank of Canada.

Two copies of this Prospectus having attached thereto the documents referred to below, have been delivered to the Registrar of Companies for registration.

This document includes particulars giving information with regard to Biofuels PLC ("the Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

It is the Directors' intention that, after approximately three years, application should be made to the Council of The Stock Exchange for the grant of permission for dealings in the Unlisted Securities Market in the Ordinary Shares of the Company. It is emphasised that currently no such application has been made. **Pending the application, Hill Woolgar & Company P.L.C. ("Hill Woolgar") will be making an "Over-the-Counter Market" in the Ordinary Shares of the Company.**

THE DIRECTORS HAVE BEEN ADVISED THAT, SUBJECT TO THEIR PERSONAL CIRCUMSTANCES AND A LIMIT OF £40,000, INVESTORS IN THE COMPANY PURSUANT TO THIS ISSUE SHOULD RECEIVE RELIEF *FROM TAXATION UNDER THE BUSINESS EXPANSION SCHEME ON THE WHOLE OF THE AMOUNT* SUBSCRIBED AT THEIR TOP RATES OF TAX.

BIOFUELS PLC

(Incorporated in England under the Companies Acts 1948 to 1983)
(Registered Number 1826795)

Placing by

Hill Woolgar & Company P.L.C.

(Licensed Dealer in Securities and a Member of NASDIM)

500,000 Ordinary Shares of 20p each at £1 per share payable in full on application

SHARE CAPITAL

Authorised £		Issued or to be issued fully paid £
200,000	in Ordinary Shares of 20p each	100,000
10,000	in Founders Shares of 5p each	10,000
£210,000	(for rights see pages 21 and 22)	£110,000

At the close of business on 31st October, 1984 the Company had no loan capital outstanding or created but unissued, no borrowing or indebtedness in the nature of borrowing, including bank overdrafts or similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire-purchase commitments, loans, mortgages, charges, debentures, guarantees or any other material contingent liabilities except under Material Contract No. 1.

INTRODUCTION

Oil prices started to rise in 1973 and since that date open fires and solid fuel burning appliances have increased in popularity. This has created an increased demand for solid fuel and in particular for a clean pre-packed wood briquette which can be readily handled by the consumer. Coal and coal based products are not entirely satisfactory domestic fuels because of the inconvenience factors associated with dirt and handling difficulties. This increased demand cannot be fulfilled by natural wood logs, due not only to the shortage of seasoned timber, but also to their relatively low heat output.

This Placing is being effected to merge the businesses of two companies Biofuels (Scotland) Limited ("Bioscot") and Brigade Limited ("Brigade"), which have independently over the last two and a half years been researching and developing sales of (and in the case of Bioscot, manufacturing) an alternative fuel based on waste wood.

The main winter fuels are in log or briquette form with almost the same heat capacity as coal. The summer fuel is a cleaner alternative barbecue fuel, that nevertheless looks like charcoal briquettes. The fuels are sold free of Value Added Tax.

Brigade's strength lies in its marketing and distribution network. Bioscot's strength is in its manufacturing facility in the United Kingdom. Consequently, the merger of the two businesses should produce a strong and viable entity in a field in which there is little competition.

The greater part of the proceeds of the Placing are to be used to purchase certain assets of the businesses with the pro-prietors remaining involved both as executive directors and also as holders of Founders Shares giving them subscription rights to Ordinary Shares. Potential investors, therefore, are being given this opportunity to invest at an early stage in a business which the Directors believe has considerable growth potential, and in which the start-up costs have substantially been written off prior to the acquisition. Since the business is relatively new the investment must be regarded as speculative, but relief under the Business Expansion Scheme should minimise prospective shareholder's net outlay.

HISTORY AND BUSINESS

Bioscot

In the spring of 1982, after extensive research, Mr. R. C. Robertson (the Chairman), through his family Company, Leigh Holdings Limited, ("Leigh") formed Bioscot and work began on site selection and plant specification for the production of a standard log manufactured from waste wood. The ideal location for the factory was identified as Dumfriesshire, which has maturing forests through to the end of the century, a large number of sawmills and very little purchasing competition. A freehold site, with room for expansion, was acquired on the outskirts of Dumfries and building commenced in the summer of 1982. At that date Bioscot was called Biofuels Limited.

A contract was signed with a firm of installation engineers for the supply and installation of the plant in a fully operational state, and production of LOGLITE (the winter fuel) was scheduled to commence at the end of September 1982. However, due to the late commissioning of the plant, sufficient product was not available for sale in time for the winter months of 1982/83.

During the summer of 1983 after further experiments and improvements to the equipment, machine performance improved as did product quality. The winter of 1983/84 was not as successful as Bioscot had hoped, due in part to further machine problems and to the extremely mild winter in England. At this time, research commenced into the barbecue fuel market with a view to producing a product suitable for the 1984 summer season.

The delays in production gave Bioscot the opportunity to extend its distribution network and to effect public relations exercises, in the trade press and in local papers, in conjunction with Bioscot's distributors.

By early 1984, a supply of barbecue fuel in newly designed packs was available and the results of test marketing were most encouraging. Until 30th June, 1984 manufacture of barbecue fuel took place (all of which has now been sold). Manufacture of LOGLITE recommenced in October 1984.

Brigade

Brigade, formed by Mr. D. C. Foden, began trading in July 1983, quite independently of Bioscot, to carry on virtually the same business except that no attempt was made to manufacture. Instead a winter fuel log was imported. The launch by Brigade of its HEATLOG proved successful and to some extent inhibited sales of LOGLITE by Bioscot.

Brigade from the start of its activities concentrated on setting up a distribution network, not only through traditional channels such as fuel merchants but also through new areas such as garden centres. By October 1984 Brigade had established over 150 direct customers in the United Kingdom servicing not only householders but several hundred retail outlets. Concentration has been on sales in semi-urban and rural areas around country towns.

The success and seasonal nature of Brigade's marketing is illustrated by the following table showing its sales figures:—

Quarter ending	
30th September, 1983	£1,000
31st December, 1983	£25,000
31st March, 1984	£33,000
30th June, 1984	£7,500
30th September, 1984	£24,000
31st December, 1984	*£160,000

*projected by the Directors

The sixfold increase in the sales projected for the December quarter of 1984 is based on the current trend of Brigade's order book.

Development Expenditure

As shown on page 12 significant losses have been made by Bioscot and Brigade to 30th June, 1984 and it is anticipated that these losses although decreasing will continue until 31st December, 1984 at which date the businesses will be acquired by the Company. The losses have been caused by start-up expenses, learning curves, particularly in manufacturing, and the cost of developing the market place and setting up a distribution network. Financing charges caused by shortage of equity capital in Bioscot have also contributed. The Company is not assuming responsibility for these losses, but should reap the benefit of a large part of this expenditure. The Directors anticipate that the expenses which gave rise to the losses will be largely non-recurring.

The Company

The Company was formed as a public company on 21st June, 1984.

Under a contract dated 6th November, 1984 the Company has agreed to acquire certain of the assets of the businesses of Bioscot and Brigade conditionally upon the Placing being effected and a trading certificate under Section 4 of the Companies Act 1980 being obtained by the Company (Material Contract No. 1).

THE PRODUCTS AND THEIR MANUFACTURE

The basic product marketed by both Bioscot and Brigade is a compressed log fuel manufactured from pure wood chips.

The process of manufacture consists of purchasing slab wood waste from sawmills, chipping to a standard size, drying the chips to less than 10% moisture content and compressing and extruding the dried chips into log form. These logs are then packed in sacks of 10 and 20 Kg. and 12·5 Kg. packs.

A comparison of HEATLOG sold in a 20kg sack with prepacked coal and smokeless fuels of the same weight, is as follows:—

	Prepacked HEATLOG	Prepacked Household Coal	Prepacked Smokeless Fuel
Approximate average retail selling price at *31st October, 1984* in South East England	£2·70	£2·90	£3·60 to £4·15
Cleanliness	no dirt	very dirty	dirty

SOLID FUEL HEAT VALUES

Type	Approx. gross Calorific Value (BTU/hr per lb.)	Ash Content	Carbon	Moisture
HEATLOG	8,400	0·36%	15·04%	6·67%
Compressed peat	8,000	2·57%	27·03%	15·08%
Straw	6,500	2·56%	17·67%	14%
House coal (Grade 2)	11,000	7·5%	46·7%	16%
Smokeless fuel	11,500	9%	76%	8%
Wood (Seasoned 1 year)	7,000	0·5%	16·3%	18%

The above figures are based on statistics supplied by London Analytical Testing Laboratories. The Calorific value is estimated on a complete burn of HEATLOG (low ash) against incomplete burn of coal based fuels (high ash). The figures for Grade 1 coal have not been included because due to its high price it is not widely used in the domestic market.

The second most important product is the barbecue briquette, which is produced by Bioscot as an alternative to traditional barbecue fuel. It is a cleaner product than charcoal, with less dirt on being handled, although it is manufactured in black to give it sales appeal. It lights more easily and consequently the heat release is significantly quicker than with charcoal. Cooking with it can therefore begin sooner.

When the merger has been completed, it is intended to instal new Shimada presses which have a proven record, to manufacture HEATLOG in Dumfries. These presses have been successfully used for some years by Callanwood Limited in Ireland, from whom Brigade is already purchasing HEATLOG. It is anticipated that this commissioning will be completed and full production achieved by the end of April 1985. The present machinery in Dumfries will be used to produce the barbecue briquette from November 1984 onwards. It is intended that the Company and Callanwood will, in association, market overseas the know-how on HEATLOG production.

The machinery referred to above should be adequate to produce approximately 30% of the anticipated winter fuel turnover of the Company in 1985, assuming the figures set out in the illustrative profit projections on page 8. The balance of the products required will either have to be imported or further *machinery purchased. The Directors are currently negotiating new manufacturing facilities through* a proposed joint venture with an established saw mill company. In the event of this joint venture materialising, any additional funds required will not be sought from existing shareholders. The substitution of the products of these new manufacturing facilities for imported products should not adversely affect profitability.

Other products in the Company's range will include peat briquettes (PEATHEAT), a briefcase barbecue and barbecue firelighters all of which form part of the present range of the businesses.

As the product has a heat output comparable to household coal it is a very satisfactory fuel in its own right. Due to its rapid release of heat it is an ideal fuel for the open fire or for cooking or heating water in multifuel boilers.

The domestic solid fuel market is approximately 10 million tons per annum. The potential market for HEATLOG is therefore vast. It consists of every house with an open fire (according to published information about 5 million) or with solid fuel heating appliances (over 400,000 sold in the year to 31st March, 1984). In 1983, 25% more new houses were built with open fireplaces than in the average of the previous five years.

HEATLOG and LOGLITE, the two main fuel products marketed by the Company are not authorised fuels for burning in smokeless zones. However they are "clean" in the sense that they do not emit gases which give rise to "acid rain" which decimates forests and kills fish. Many European governments have imposed measures to reduce this form of pollution and a report has recently been presented to the British Government recommending similar action. The two main Biofuels products could be actively promoted as helping to overcome this problem, which may in time aid the Company in obtaining clearance to sell these products in smokeless zones. If clearance is obtained this could have a dramatic effect on profits.

The potential market for barbecue briquettes is exciting. The Directors believe that currently some 700,000 barbecues are sold annually in the United Kingdom compared with some 20,000 per annum about 10 years ago and the figure is still rising. This is the extent of the market at which the Company's barbecue fuels will be aimed.

Because the Company is engaged in the development of utilising waste to form energy, several enquiries have been received from abroad concerning the establishment of similar plants but using different base materials. It is envisaged that in the longer term as the Company strengthens, more time and effort can be given to selling know-how or to licencing manufacture overseas.

Growth should also come from the development of the product range some of which may be exported.

In certain industrial processes, such as filtration, paint manufacture and the pharmaceutical industry, high quality charcoal is used. Consequently the Company intends over the next two to three years, to develop a range of charcoal based products for the industrial market. At the present time, there is a world shortage of charcoal which is leading to a lowering of quality and service and uncertainty of cost in view of the weakening of sterling against the dollar. These factors give the Company the opportunity of marketing a high quality charcoal.

Areas in which adequate supplies of wood waste are available have been identified, in order that production may be increased to reduce the reliance on imports and to allow the Company to grow with its expected market penetration. *The Company intends to set up additional manufacturing facilities in* England in due course. The Directors are satisfied that there are sufficient supplies of wood waste and/or imported products currently available to the Company to achieve the turnover envisaged by the illustrative projections of profitability, see section headed "Projected Profits and Dividends".

COMPETITION

The Company will compete directly with other producers of solid fuels and charcoal, but there are no direct competitors marketing similar products to those marketed by the Company on a national basis. It is the Company's intention substantially to increase production in the United Kingdom. Although similar winter products are produced overseas, transport costs make it unlikely that, in the future, competitors from overseas will be able to penetrate the U.K. market without the price of their imports being undercut by products manufactured in the U.K. by the Company.

THE FUTURE

Following the merger of the businesses of Bioscot and Brigade, there will be in excess of 170 main distributors for the products, thus achieving an almost complete national distribution network, and allowing the Company's products to be sold through many hundreds of retail outlets such as garage forecourts, garden centres, hardware stores as well as fuel merchants. Selling will continue to be done through existing personnel led by the Managing Director.

The products are already being considered by Esso and marketed on some of their garage forecourts. Every effort will be made to achieve marketing of the products in small packs through multiple groups, such as supermarkets.

THE DIRECTORS AND STAFF

Mr. R. C. Robertson (47) Chairman—was for 10 years Chairman and Chief Executive of Robertson Foods Limited. Robertson Foods was taken over in a contested bid in 1981 and Mr. Robertson left to pursue other business interests. During his 20 years with the Robertson group he had at various times been responsible for running factories and a large national sales force, seeking acquisitions etc. It is intended that Mr. Robertson will devote such time as is required by the Company, to liaise with government bodies to obtain recognition for alternative fuels, corporate planning and development. Mr. Robertson has a Service Agreement with the Company (Material Contract No. 2).

Mr. D. C. Foden (48) Managing Director—was formerly Marketing Director, and subsequently joint Managing Director, of Fodens Limited until his resignation from the Company in 1980. At this time Mr. Foden set up other businesses which have been successfully built up and sold. He has been researching the market for alternative fuels since 1981 and had decided to found Brigade, trading as Brigade Fuels in 1983. Mr. Foden will devote all his time to the Company with special responsibility for sales, marketing and distribution. Mr. Foden has a Service Agreement with the Company (Material Contract No. 3).

Mr. G. Cunliffe (52) Finance Director—was formerly Managing Director of Robertson Foods with *special responsibility for finance. After the takeover of Robertson Foods, Mr. Cunliffe left and joined Mr.* Robertson in his business ventures. His responsibility, on a part-time basis, will be for the financial and administrative functions of the Company.

Major A. Murray Flutter (51) Production Director—joined Seymour Plant Limited as depot and area manager of their northern depot after leaving the Army in 1968. He was a founder shareholder and director of Bioscot. Major Murray Flutter will have responsibility for production, research and management of the Company's factory and depot in Dumfries.

Mr. V. Fenton (50) Commercial Director—is a Certified Accountant who, since 1981 has specialised in providing financial and general management services to small medium sized companies. He was a joint founder in 1970 of Mobelec Ltd., a company engaged in the manufacture and distribution of automotive electronic equipment. Mobelec Ltd. was acquired by a publicly listed company in 1979 and Mr. Fenton left to develop his other interests in 1981. During the period 1964-1970, Mr. Fenton held positions of Managing Director with companies in the electronic component and railway signalling industries. He will serve the Company on a part-time basis.

Mr. D. G. White (47) (Non-Executive)—has wide experience in business administration and commerce. He was formerly a director of merchant bankers, Henry Ansbacher and Co. Limited and has, through the management consultancy he established in 1976, been involved in the solid fuel industry. He was a founder director of the Woodburning and Solid Fuel Association of Retailers and Manufacturers and represented that association at the liaison committee meetings with the National Coal Board. He is Hill Woolgar's representative on the Board of the Company.

It is believed that the key functions are well covered and most back up staff are already employed. After the merger, in addition to the Directors, the Company will have 13 employees consisting of 4 staff and 9 works employees.

DIRECTORS, ADVISERS AND BANKERS

BOARD OF DIRECTORS
Robert Christopher Robertson, B.A. (Chairman)
Charmans Farm, Leigh, Nr. Reigate, Surrey RH2 8NR
David Colville Foden (Managing Director)
Pyrford House, Wappenham, Nr. Towcester, Northants NN12 8SG
Graham Cunliffe, F.C.A. (Financial Director)
63, London Road, Tunbridge Wells, Kent TN1 1DT
Anthony Murray Flutter (Production Director)
Tundergarth House, Lockerbie, Dumfriesshire DG11 2PU
Victor Douglas Fenton, F.C.C.A. (Commercial Director)
12 Parklands, Ice House Wood, Oxted, Surrey RH8 9DP
Darryl George White (Non-Executive)
Hickory Hollow, Plaistow Road, Ifold, Loxwood, West Sussex RH14 0TY

BANKERS
National Westminster Bank PLC 41 Lothbury, London EC2P 2BP

FINANCIAL ADVISERS
Hill Woolgar & Company P.L.C. 5 Fredericks Place, Old Jewry, London EC2R 8HR

AUDITORS AND REPORTING ACCOUNTANTS
Arthur Andersen & Co. 1 Surrey Street, London WC2R 2PS

SOLICITORS TO THE COMPANY
McKenna & Co. Inveresk House, 1 Aldwych, London WC2R 0HF

SOLICITORS TO THE ISSUE
Cardales Dauntsey House, Fredericks Place, Old Jewry, London EC2R 8HN

SECRETARY AND REGISTERED OFFICE
Graham Cunliffe, F.C.A. Top Station, Brackley, Northants NN13 5UH

REGISTRARS AND TRANSFER OFFICE
Hill Woolgar & Company P.L.C. 5 Fredericks Place, Old Jewry, London EC2R 8HR

PREMISES

Bioscot owns a freehold site on the outskirts of Dumfries where the production unit is sited. Adjoining the factory is a rented site used as a storage and distribution depot. Brigade also rents a half acre site on which there are offices and 2,300 square feet of warehouse at Brackley in Northamptonshire, situated close to the M1.

This site will become the headquarters and administrative base of the Company. The freehold is being acquired by Mr. Foden and will be leased to the Company at a full rack rent.

PROJECTED PROFITS AND DIVIDENDS

The level of profitability of the Company for the year ending 31st December 1985 is primarily dependent on the level of sales which can be achieved and it is not possible at this stage to forecast the value of future sales.

The following table illustrates the degree of profitability on its activities before taxation and extraordinary items which might be achieved by the Company in a full year based on varying levels of turnover and on the assumptions set out below.

Illustrative Projections						
Turnover (£000's)	700	800	900	1,100	1,400	1,600
Profit before Taxation and Extraordinary Items (and after amortisation of Intangible Assets) (£000's)	break even	20	60	120	220	320

The Directors are of the opinion that sales for 1985 will be in the range of £900,000 to £1,100,000 increasing to the range of £1,400,000 to £1,600,000 in 1987. However the Directors reiterate that these projections ARE NOT FORECASTS.

These illustrative projections have been prepared under the historical cost convention applying the accounting bases to be adopted by the Company and on the following principal assumptions:

1. Sales of HEATLOG in 1985 will comprise a volume of approximately 80% imported and 20% manufactured in the United Kingdom.
2. There will be no disruption in anticipated supplies of raw materials or overseas production.
3. Any increases in cost prices from current levels will be recovered in selling price increases.
4. There will be no material fluctuations in foreign currency exchange rates relevant to the business of the Company.
5. There will be no disruption of the Company's trade caused by industrial disputes or other factors outside the control of the Company.
6. Intangible assets acquired will be written off over a five year period.

DIVIDENDS

The Directors will consider their dividend policy for 1985 in the light of the results for the year. Subject to profitability it is intended to pay interim dividends in October and final dividends in May of each year, commencing May 1986.

APPLICATION OF THE PROCEEDS OF THE PLACING AND WORKING CAPITAL

The net proceeds of the Placing will amount to £420,000 all of which will be payable to the Company.

The Company will use the monies received by it as to approximately £380,000 to effect the purchase of the assets of Bioscot and Brigade under Material Contract No. 1 and the balance as working capital.

Having regard to this and to its overdraft facilities of at least £50,000 with National Westminster Bank PLC, the Directors consider that following the Placing the Company will have sufficient working capital for its present requirements.

BUSINESS EXPANSION SCHEME

As a result of the Business Expansion Scheme introduced by the Finance Act 1983, the Government has offered a substantial inducement to higher-rate United Kingdom resident taxpayers to invest new capital to develop new and established businesses. This inducement is provided by allowing United Kingdom resident taxpayers to deduct the cost of investment from their "total income" for tax purposes. The effect of the Scheme for a taxpayer assessed at an average rate of 60 per cent. on his top slice of income is that an investment of £10,000 will only cost £4,000 after tax relief. Investments must be held for five years and there are other qualifying conditions. Further details of the Business Expansion Scheme, *together with illustrative examples, are set out in Appendices I to III inclusive.*

INVESTORS ARE STRONGLY ADVISED TO SEEK INDEPENDENT PROFESSIONAL ADVICE TO ASCERTAIN WHETHER THEY QUALIFY UNDER THE SCHEME AND TO DETERMINE THE QUANTUM OF THE RELIEF THAT THEIR PARTICULAR INVESTMENT MAY ATTRACT.

The Company has obtained preliminary confirmation from the Inland Revenue that it is a qualifying company under the Scheme and the Directors have undertaken to conduct the affairs of the Company to ensure that it remains so during the three year period.

ACCOUNTANTS' REPORT

The following is a copy of the Report received from the Auditors and Reporting Accountants, Arthur Andersen & Co., Chartered Accountants.

1 Surrey Street
London
WC2R 2PS

The Directors
Biofuels PLC
Hill Woolgar & Company P.L.C.

6th November, 1984

Gentlemen,

Biofuels PLC ("the company") was incorporated on 21st June, 1984 with an authorised share capital of £100,000 divided into 100,000 Ordinary Shares of £1 each. On 6th November, 1984 the authorised share capital was increased to *£210,000 and reorganised to comprise 200,000 Founders Shares of 5p each and* 1,000,000 Ordinary Shares of 20p each. The company has not traded and no accounts have been prepared since its incorporation. On 6th November, 1984, and with effect from 31st December, 1984 the company has conditionally agreed to acquire certain assets and the undertakings of Biofuels (Scotland) Limited ("Bioscot") and Brigade Limited ("Brigade") (See Note 12). This report therefore necessarily deals with financial information relating to Bioscot and Brigade.

We have examined the balance sheets of Bioscot and Brigade as of 30th June, 1984, and the related statements of loss and source and application of funds for Bioscot, for the period from 17th February, 1982 to 31st December, 1982, for the year ended 31st December, 1983 and for the six months ended 30th June, 1984, and for Brigade, for the period from 1st July, 1983 to 30th June, 1984, in accordance with approved Auditing Standards.

Bioscot was incorporated on 17th February, 1982 and commenced trading during September, 1982. The financial information presented below for Bioscot is based on accounts audited by de Paula Turner Lake & Co. for the period from 17th February, 1982 to 31st December, 1982 *and for the year ended 31st* December, 1983, and by ourselves for the six months ended 30th June, 1984.

Brigade was incorporated on 12th August, 1981 and commenced trading on 1st July, 1983. The financial information presented below for Brigade is based on accounts audited by Stapely & Co. for the period from 1st July, 1983 to 30th June, 1984.

The financial information has been prepared on a going concern basis, which assumes the satisfactory outcome of arrangements to raise additional finance for the company as set out in the Placing Document *to be dated 7th November, 1984.*

Subject to the satisfactory conclusion of the arrangements referred to above, in our opinion, the financial information shown below, which has been prepared under the historical cost convention, gives a true and fair view of the state of affairs of Bioscot and Brigade at 30th June, 1984, and of the loss and source and application of funds for Bioscot and Brigade for each of the accounting periods referred to above.

FINANCIAL STATEMENTS

Accounting Policies

The significant accounting policies adopted in arriving at the financial information set out in this report are as follows:—

(a) *Basis of preparation*
The financial information has been prepared under the historical cost convention.

(b) Turnover
Turnover represents the invoiced value of goods sold, exclusive of value added tax.

(c) Fixed assets
Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is calculated to write off the cost of fixed assets over their effective useful lives, as follows:—

Straight-line basis:	
Freehold buildings	10% per annum
Leasehold property	over life of lease
Plant and machinery (Bioscot)	12½% per annum
Reducing-balance basis:	
Motor vehicles	25% per annum
Plant and machinery (Brigade)	20% per annum

(d) Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of production overheads.

(e) Deferred Government *grants*
Government grants are credited to a deferral account on receipt and released to revenue over *the expected useful life of the related asset on a straight-line basis.*

(f) Deferred taxation
Deferred taxation represents the amount required to allow for the effect of certain items of income and expense (mainly depreciation) being attributable for tax purposes to periods different from those in which credits or charges are recorded in the accounts, and is computed using the liability method, whereby such taxation is determined by applying the rate of tax *applicable at the balance sheet date to the accumulated timing differences.*

Deferred taxation is not provided where, in the opinion of the directors, there is reasonable evidence that such taxation will not become payable in the foreseeable future.

(g) Research and development expenditure
Research and development expenditure is written-off as incurred.

(h) *Trade marks*
Trade marks acquisition costs are written-off as incurred.

STATEMENTS OF LOSS

	Note	Bioscot 6 months ended 30th June, 1984 £	Bioscot Year ended 31st December, 1983 £	Bioscot Period from 17th February, 1982 to 31st December, 1982 £	Brigade Period from 1st July, 1983 to 30th June, 1984 £
Turnover		74,927	78,984	2,842	66,135
Costs and expenses	1	(158,764)	(208,565)	(65,513)	(135,486)
Operating Loss		(83,837)	(129,581)	(62,671)	(69,351)
Interest payable		(22,607)	(27,164)	(3,612)	(2,991)
Net Loss		£(106,444)	£(156,745)	£(66,283)	£(72,342)

BALANCE SHEETS AT 30th JUNE, 1984

	Note	Bioscot £	Brigade £
Fixed Assets	4	210,744	7,297
Current Assets			
Stocks	5	62,401	15,823
Debtors		51,772	16,710
Cash and bank balances		3,447	36
		117,620	32,569
Creditors: Amounts falling due within one year	6	(493,236)	(64,208)
Net current liabilities		(375,616)	(31,639)
Deferred Government Grants		(27,500)	—
Medium Term Loans	7	—	(40,000)
Net liabilities		£(192,372)	£(64,342)
Shareholders' Equity			
Share capital	9	100,000	8,000
Share premium account		37,100	—
Accumulated losses	10	(329,472)	(72,342)
Net Capital Deficiency		£(192,372)	£(64,342)

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

	Bioscot 6 months ended 30th June, 1984 £	Bioscot Year ended 31st December, 1983 £	Bioscot Period from 17th February, 1982 to 31st December, 1982 £	Brigade Period from 1st July, 1983 to 30th June, 1984 £
Source of Funds				
Issue of share capital	—	50,000	90,000	8,000
Proceeds on disposal of fixed assets	17,000	500	—	25
Receipt of Government grants	—	15,000	25,000	—
Receipt of medium term loans	—	—	—	40,000
Decrease in working capital, as shown below	76,516	112,560	181,540	31,639
	£93,516	£178,060	£296,540	£79,664
Application of Funds				
Net loss	106,444	156,745	66,283	72,342
Adjustment for items not involving the movement of funds				
—depreciation	(16,016)	(33,237)	(4,062)	(2,141)
—profit (loss) on sale of fixed assets	588	67	—	(75)
—Government grant written-off	2,500	5,000	—	—
Funds absorbed by operations	93,516	128,575	62,221	70,126
Purchase of fixed assets	—	47,485	233,419	9,538
Stamp duty on share issue	—	2,000	900	—
	£93,516	£178,060	£296,540	£79,664
(Decrease)/Increase in Working Capital				
Stocks	(42,706)	97,802	7,305	15,823
Debtors	25,003	2,907	23,862	16,710
Creditors: amounts falling due within one year	12,668	(220,812)	(83,933)	(43,892)
	(5,035)	(120,103)	(52,766)	(11,359)
Movement in liquid funds				
—cash and bank balances	3,412	(5,015)	5,050	36
—bank overdraft	(74,893)	12,558	(133,824)	(20,316)
	(71,481)	7,543	(128,774)	(20,280)
	£(76,516)	£(112,560)	£(181,540)	£(31,639)

NOTES

1. **Cost and Expenses**
Costs and expenses include:—

	Bioscot 1984 £	Bioscot 1983 £	Bioscot 1982 £	Brigade 1984 £
Start-up costs	120,109	170,700	66,700	50,606
Depreciation	16,016	33,237	4,062	2,141
Directors' emoluments	16,101	27,725	8,045	2,090
Hire of equipment	5,120	5,701	—	—
Auditors' remuneration	1,000	1,500	1,200	1,208
Government grant credit	(2,500)	(5,000)	—	—
Insurance claims received	(7,765)	(8,746)	—	—
Compensation receipt on machinery breakdown	—	(29,000)	—	—
Management fees to Leigh Holdings Limited	11,500	20,000	25,000	—

2. **Taxation**
No provision for corporation tax is required for any of the accounting periods referred to above.

3. **Dividends**
No dividends have been paid for any period since incorporation.

4. **Fixed Assets**
(a) Fixed assets at 30th June, 1984 comprised:—

	Bioscot Cost £	Bioscot Accumulated depreciation £	Bioscot Net book value £	Brigade Cost £	Brigade Accumulated depreciation £	Brigade Net book value £
Freehold land and buildings	32,121	3,415	28,706	—	—	—
Short leasehold land and buildings	2,341	351	1,990	—	—	—
Plant and machinery	212,806	41,502	171,304	774	194	580
Motor vehicles	14,924	6,180	8,744	8,664	1,947	6,717
	£262,192	£51,448	£210,744	£9,438	£2,141	£7,297

Freehold land and buildings includes land of £5,000 which is not depreciated.

(b) At 30th June, 1984 there were no capital commitments either contracted, or authorised but not contracted.

5. **Stocks**
Stocks at 30th June, 1984 comprised:—

	Bioscot £	Brigade £
Raw materials	11,383	—
Finished goods	51,018	15,823
	£62,401	£15,823

6. **Creditors: Amounts falling due within one year:**
Creditors: amounts falling due within one year at 30th June, 1984 comprised—

	Bioscot £	Brigade £
Bank overdraft	196,199	20,316
Trade creditors	15,247	34,088
Due to Leigh Holdings Limited	266,760	—
Other creditors	614	7,138
Taxation and social security	2,395	839
Accruals	12,061	1,827
	£493,236	£64,208

Leigh Holdings Limited is the holder of 90% of the issued share capital of Bioscot.

7. **Medium Term Loans**
Medium term loans at 30th June, 1984 comprised—

	Brigade £
Bank loan secured on the company's assets and undertaking, due for repayment in 16 quarterly instalments from October 1984, on which interest is payable at 1½% per annum over National Westminster Bank PLC base rate	£40,000

8. **Deferred Taxation**
No provision for deferred taxation is required at 30th June, 1984 as the potential timing differences reversing on fixed assets are offset by the effect of trading losses carried forward.

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9. **Share Capital**

At 30th June, 1984 the authorised and issued share capitals were as follows—

	Bioscot	Brigade
	£	£
Authorised—		
Ordinary shares of 50p each	280,000	—
Ordinary shares of £1 each	—	10,000
Issued and fully paid—		
Ordinary shares of 50p each	100,000	—
Ordinary shares of £1 each	—	8,000

10. **Accumulated Losses**

The movement on accumulated losses was—

	Bioscot 1984	Bioscot 1983	Bioscot 1982	Brigade 1984
	£	£	£	£
Accumulated losses, brought forward	223,028	66,283	—	—
Net loss for period	106,444	156,745	66,283	72,342
Accumulated losses, carried forward	£329,472	£223,028	£66,283	£72,342

11. **Audited Financial Statements**

No audited financial statements have been prepared in respect of any period subsequent to 30th June, 1984.

12. **Subsequent Events**

On 6th November, 1984, and with effect from 31st December, 1984 Bioscot and Brigade have entered into a conditional agreement to dispose of their tangible fixed assets and stocks together with their respective undertakings, to the company for a cash consideration of approximately £380,000.

Yours faithfully,
ARTHUR ANDERSEN & CO.

PRO-FORMA BALANCE SHEET

The following pro-forma balance sheet represents the balance sheet of the Company as at 30th June, 1984 adjusted to show the result of the Placing and on the assumption that the Company owned the assets and stock to be acquired from Bioscot and Brigade under Material Contract No. 1. The figures shown below are based on the audited financial statements of Bioscot and Brigade at 30th June, 1984.

	£
FIXED ASSETS	
Intangible assets	84,000
Tangible assets	218,041
	302,041
CURRENT ASSETS	
Stocks and work in progress	78,224
Cash	49,735
	127,959
TOTAL ASSETS	430,000
SHAREHOLDERS' EQUITY	
Share capital	110,000
Share premium	320,000
	£430,000

NOTE

Intangible assets comprise trade marks, patents, know-how and goodwill. It is the Company's intention to write-off this balance over a period of 5 years from 1st January, 1985.

APPENDIX I

Business Expansion Scheme—General Provisions

1. **Introduction.**

The following is a summary of the legislation applicable to the Business Expansion Scheme and is intended only as a guide. Investors are therefore advised to seek independent professional advice to *ascertain whether they qualify under the Scheme and to determine the quantum of tax relief that their* particular investment will attract.

2. **The Relief**

The relief is given at the claimant's highest rates of tax.

3. **Basic Rules**

Relief can only be claimed by a qualifying individual who subscribes for new eligible shares of a qualifying unquoted company which are being issued for the purposes of raising money for a qualifying trade which is being carried on or will be carried on within 2 years by the Company or a qualifying subsidiary. Eligible shares are Ordinary Shares which carry no preferential rights. Relief is given for the tax year in which the shares are issued.

4. **Investing Individuals**

An individual investor must be resident and ordinarily resident in the United Kingdom within the meaning of the tax legislation at the time when the company's shares are issued and must not be connected with the Company (see below) at any time during the next five years if he is to retain the relief.

The main rules relating to connection with a company are that:

(a) an individual or an associate of his must not be an employee, partner or paid director of the Company or its subsidiaries, or

(b) he and his associates must not control the Company or possess more than 30 per cent. of the ordinary share or loan capital or voting power in the Company.

For this purpose, an associate includes a husband or wife, lineal ancestor or descendant, a partner and certain persons with whom the individual has connections through a trust.

A director is not disqualified if he is reimbursed travelling and other expenses allowable for tax purposes but he must not be entitled to any remuneration.

5. **Qualifying Companies**

The Company must have been incorporated in the United Kingdom and be resident only in the United Kingdom. It must not be quoted on The Stock Exchange and its shares must not be dealt in on the Unlisted Securities Market. It must not be a subsidiary of or be controlled by any other company and any subsidiaries it has must be wholly owned qualifying companies. All its issued share capital must be fully paid up. It must carry on a qualifying trade or exist to hold all the shares in its subsidiaries which themselves must all carry on qualifying trades.

6. **Qualifying Trades**

Most trades qualify but those excluded are:

(a) dealing in commodities, shares, securities, land or futures
(b) dealing in goods otherwise than in the course of an ordinary trade of wholesale or retail distribution
(c) banking, insurance, money lending, debt factoring, hire purchase, financing or other financial activities
(d) leasing or receiving royalties or licence fees
(e) providing legal or accountancy services
(f) farming.

The trade must be conducted on a commercial basis and with a view to the realisation of a profit.

7. **Claims for the relevant Tax Relief**

Claims can be made when the qualifying trade has been carried on for at least four months and must be made within two years of that date or, if later, two years from the end of the year of assessment in which the shares are issued. Claims are made by subscribers on their own behalf but the Company will furnish subscribers with the relevant documentation at the appropriate time.

8. **Limits on the Relief**

Relief cannot be claimed on more than £40,000 invested in any one tax year. Relief is not given for investments of less than £500 in any one company in any tax year where the claimant invests directly.

9. **Withdrawal of Relief**

If the Company ceases to be a qualifying company within the three years of the investment being made the relief is withdrawn.

Relief is also wholly or partly withdrawn if the claimant receives value from the Company or disposes of the shares within five years. Value is received from the Company if, for example, it redeems the shares or makes the individual a loan or provides a benefit or facility.

10. **Capital Gains Tax**

Where the shares are disposed of, the full acquisition costs can be deducted from the proceeds in an arms length sale. However, if they are disposed of at a loss, the acquisition costs that are allowable are reduced so that there is normally no allowable loss for Capital Gains Tax purposes (see Appendix III).

11. **Tax Avoidance**

Relief is not available unless shares are subscribed for and issued for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose, or one of the main purposes of which is the avoidance of tax.

APPENDIX II

Advice Regarding the Business Expansion Scheme ("B.E.S.")

To: The Directors
Biofuels PLC
and
Hill Woolgar & Company P.L.C.

6th November, 1984

Dear Sirs,

You asked us to obtain confirmation from H.M. Inspector of Taxes that Biofuels PLC ("the Company") is a qualifying company for the purposes of the relief afforded by Section 26 and Schedule 5 of the Finance Act 1983 (B.E.S. relief).

The Inspector has given the following provisional confirmation—

"On the basis of the information supplied to me, the Company is within the terms of Finance Act 1983 Schedule 5 paragraph 5, a 'qualifying' company carrying on a 'qualifying' trade. I must stress that this confirmation is based on the information provided to me and is subject to the satisfactory completion and submission of a form BES-1 after the proposed investments have been made. The conditions relating to the Company and its trade have to remain satisfied throughout the whole of the relevant period as defined in paragraph 2(7) Schedule 5 Finance Act 1983.

Because there are conditions of the relief which have to be satisfied up to, and beyond, the time when it is given and because some conditions relate to the individual subscriber, I cannot give any assurance, in advance of claims, that an individual subscriber will qualify".

Yours faithfully,
ARTHUR ANDERSEN & CO.,
Chartered Accountants

APPENDIX III

BUSINESS EXPANSION SCHEME

Examples of an investment under the Business Expansion Scheme

The following examples are for illustrative purposes only and are merely intended to provide an indication of the level of return that can be achieved with this kind of investment. The assumptions made should not therefore be regarded as a forecast.

Assumptions:—

(a) An investor whose marginal tax rate is 60 per cent. makes an investment contribution of £10,000.

(b) The rate of inflation and corresponding Retail Price Index (used in the Capital Gains Tax calculation) will rise by 5 per cent. per annum during the period.

(c) No account has been taken of the time difference arising between the date of making the investment and the date or dates on which the tax relief is affected.

(d) The investment qualifies and continues to qualify under the Business Expansion Scheme, and is held for a period of five years, after which time the investment is realised for the proceeds, as set out in the examples, net of selling expenses.

(e) No annual exemption from Capital Gains Tax, currently £5,600, is available to the investor in the year of disposal.

				£
Investment—cost				10,000
Less: Income Tax Relief @ 60 per cent.				(6,000)
Net Cost of Investment				£4,000
Increase in value of shares	Nil	30%	60%	90%
	£	£	£	£
Disposal Proceeds	10,000	13,000	16,000	19,000
Less Capital Gains Tax	—	254	1,154	2,054
Net Disposal Proceeds	10,000	12,746	14,846	16,946
Less: Net Cost of Investment	4,000	4,000	4,000	4,000
Net Profit on Disposal	£6,000	£8,746	£10,846	£12,946
Statistical Information	%	%	%	%
Return on 5 year investment	150	219	271	324
Equivalent annual compound interest rate	20	26	30	34

NOTE

Unless the increase in the value of the shares over the period of five years exceeds 21 per cent, there will be no charge to Capital Gains Tax because of the indexation allowance.

APPENDIX IV

Statutory and General Information

SHARE CAPITAL

The Company was incorporated in England on 21st June, 1984 as a public company under the name of Jordans 187 Public Limited Company with an authorised share capital of £100,000 in Ordinary Shares of £1 each of which 2 were issued to the subscribers to the Memorandum of Association of the Company. On 2nd November, 1984 it changed its name to its present title.

At an Extraordinary General Meeting held on 6th November, 1984 the Memorandum of Association was amended and new Articles of Association were adopted. On the same date the authorised share capital was increased to £210,000 and reorganised; 10,000 (including the 2 Subscribers Shares) out of the original 100,000 Ordinary Shares of £1 each were converted into 280,000 Founders Shares of 5p each, the remaining 90,000 original Ordinary Shares of £1 each were subdivided into 450,000 Ordinary Shares of 20p each and 550,000 further Ordinary Shares of 20p each were created.

On 6th November, 1984 the Founders Shares were paid up for cash at par.

The Company has not yet commenced business. Upon receipt of the net proceeds of the Placing the Company will apply to the Registrar of Companies for a Certificate under Section 4 of the Companies Act 1980 to enable it to commence business.

ARTICLES OF ASSOCIATION

The Articles of Association of the Company contain provisions (*inter alia*) to the following effect.

(1) **Rights attached to each Class of Share**

The rights attaching to the respective classes of shares are as follows.—

(a) *As regards voting at General Meeting.*

Subject to any special rights or restrictions as to voting attached to the shares, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a member, shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder and one vote for every Founder Share of which he is the holder.

(b) *As regards income.*

Subject to the rights of persons (if any) entitled to shares with special rights as to dividends all dividends shall be declared and paid in proportion to the amounts paid up or credited as paid up on the Ordinary Shares and the Founders Shares.

The holders of any Ordinary Shares allotted pursuant to the exercise of the subscription rights referred to below shall not be entitled to receive dividends declared or paid in respect of any financial period of the Company ended prior to such allotment.

(c) *As regards Capital*

On a return of capital on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall (subject to any special rights which may be attached to any shares hereafter created or issued) be applied (i) in repaying the holders of Ordinary Shares and the Founders Shares the amounts paid up or credited as paid up on such shares and so far as there is any deficiency *pari passu* among them according to the amounts paid up or credited as paid up on each share and (ii) in paying any surplus assets remaining thereafter to the holders of the Ordinary Shares and the Founders Shares in proportion to the amounts paid up or credited as paid up on each share.

(d) *As regards subscription*

(i) Every holder of Founders Shares shall have the right to subscribe for 4 Ordinary Shares of 20p each for cash at £1.60 for every 4 Founders Shares so held (i.e. 40p per share). On the allotment of the new Ordinary Shares every 4 such Founders Shares in respect of which subscription rights have been exercised shall automatically be consolidated and redesignated as an Ordinary Share. All new Ordinary Shares allotted pursuant to the exercise of the subscription rights conferred upon the Founders Shares and all Founders Shares redesignated as Ordinary Shares as aforesaid shall rank *pari passu* with the Ordinary Shares then in issue, subject as mentioned in (b) above.

(ii) Certificates for the Founders Shares shall have endorsed thereon a subscription notice. The subscription rights of the Founders Shares shall be exercisable by the holder completing the subscription notice printed on the relevant Share Certificate and depositing the same with the Company at its registered office together with the subscription price thereunder. Such Certificates, with the subscription notice thereon duly completed, once sent to the Company shall not be capable of being withdrawn without the consent in writing of the Company. Such subscription rights may only be exercised within 30 days after despatch to members of the report and audited accounts of the Company for the financial period ending on 1st January, 1987 or next after that date and any of its four immediately successive financial periods. Any subscription rights not exercised by the expiry of such period shall lapse. The Company shall, as at and not later than 28 days after receipt by it of the relevant Share Certificates with the subscription notices thereon duly completed, allot 4 new Ordinary Shares of 20p each for every 4 Founders Shares whose subscription rights have been so exercised and contemporaneously therewith the 4 Founders Shares whose subscription rights have been so exercised shall automatically be consolidated and redesignated as one Ordinary Share of 20p. Rights of subscription also arise in the event of a take-over.

(iii) If, whilst any of the Founders Shares remains in issue with subsisting subscription rights, any offer or invitation is made or extended to the holders of the Ordinary Shares to subscribe for or to purchase any shares or securities (including options) of the Company or if any capitalisation, sub-division or reduction of the share capital of the Company takes place, the Directors shall make such adjustments to the subscription and redesignation rights of the Founders Shares as the Directors think fit and as the Auditors of the Company shall confirm in writing to be fair and reasonable. If the Company shall issue shares credited as fully paid up by way of capitalisation of reserves or profits then, as concerns the holders of Ordinary Shares the shares issued to such holders shall be Ordinary Shares only.

(e) Without prejudice to the other conditions contained in the Articles of Association of the Company concerning the transfer of shares, the Directors shall not accept a transfer of part of any share and, in the case of Founders Shares, shall not accept a transfer of such shares except if for a number of shares divisible by four without fractions.

(f) As regards variation of rights

Subject to Section 72 of the Companies Act 1948 rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be modified or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of that class but not otherwise. The special rights conferred upon the holders of any shares or class of shares issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of such shares or class of shares, be deemed to be modified by the creation or issue of further shares ranking *pari passu* therewith except that the issue of further Founders Shares shall be deemed to be a variation of the rights of the holders of all classes of shares of the Company.

(2) **Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking property and uncalled capital, and to issue debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Directors shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies so as to ensure the aggregate amount for the time being remaining undischarged of moneys so borrowed or secured by the Company and its subsidiaries (the "Group") (excluding intra group borrowings) shall not at any time, without the previous sanction of the Company in general meeting, exceed an amount equal to twice the aggregate of:—

(i) the nominal amount of the capital of the Company for the time being issued and paid up or credited as paid up; and

(ii) the amount standing to the credit of the consolidated capital and revenue reserves of the Group (including share premium account, capital redemption reserve and profit and loss account) all as shown by the latest audited consolidated balance sheet of the Group.

(3) **Directors**

(a) Unless and until otherwise determined by the Company in General Meeting the Directors shall not be less than two and not more than ten in number.

(b) No shareholding qualification for Directors shall be required.

(c) The fees of the Directors shall be determined from time to time by the Company in general meeting and shall be divisible amongst the Directors as they may by resolution determine and in default of determination equally. The Directors may (unless otherwise expressly resolved by the Company in general meeting) grant such extra remuneration by way of salary, percentage of profits or otherwise as they may determine to any Director who, at the request of the Directors, performs special services or goes or resides abroad for any purposes of the Company. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and return from meetings of the Directors or of any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

(d) A Director of the Company may be or become a director or other officer of, or otherwise *interested in any company promoted by the Company or in which the Company may be* interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a Director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing *the Directors or any of them to be Directors or officers of such other company, or voting or* providing for the payment of remuneration to the directors or officers of such other company.

(e) Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof, or the termination thereof) and except (in the case of an office or place of profit with any such other company as aforesaid) where the company is a company in which the Director owns 1 per cent or more.

(f) Subject to the Companies Acts 1948 to 1983 and to sub-paragraph (g) below no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

(g) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists or in any other case at the first meeting of the Board after he knows that he is or has become so interested. A general notice to the Board given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may *after the date of the notice be made with such company or firm shall be* sufficient declaration of interest under this Article in relation to any contract or arrangement so made: provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director giving the same takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

(h) Save as *otherwise provided by the Articles, a Director shall not vote (nor be counted in the* quorum) on any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge, directly or indirectly, materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters namely:—

(i) any contract or arrangement for giving to such Director any security or indemnity in *respect of money lent by him or obligations undertaken by him for the benefit of the* Company;

(ii) any contract or arrangement for the giving by the Company of any security to a third party *in respect of a debt or obligation of the Company which the Director has himself* guaranteed or secured in whole or in part;

(iii) any contract or arrangement by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;

(iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(v) any contract or arrangement concerning any other company (not being a company in which the Director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;

(vi) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or of any of its subsidiaries and does not accord to any Director as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates;

(vii) any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner as the employees and does not accord to any Director as such any privilege or advantage not generally accorded to the *employees to whom such scheme or fund relates.*

(i) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, *such question shall be referred to the chairman of the meeting and his ruling in relation to such* other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive *except in a case where the nature or extent of the interest of such chairman as* known to such chairman has not been fairly disclosed to the Board.

(j) The Company may by ordinary resolution suspend or relax *inter alia* the provisions summarised under sub-paragraphs (d) to (i) above inclusive to any extent or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(k) The Directors may procure the establishment and maintenance of or participation in or contribution to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, bonuses, benefits or emoluments to, any person (including Directors and other officers whether of the Company or of any other company referred to in this paragraph) who may be or shall have been at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or of the predecessors in business of the Company or any such subsidiary company or of any allied or associated companies of the Company or any such companies or of the wives, widows, families or dependants of any such persons.

(l) The provisions of Section 185 of the Companies Act 1948 do not apply to the Company.

Arrangements with Hill Woolgar

Hill Woolgar have agreed with the Company to subscribe or procure subscribers for 500,000 Ordinary Shares of 20p each at £1 per share in the Company (Material Contract No. 4).

Under this Agreement:—

(a) the Company has agreed to pay a fee to Hill Woolgar and all costs, charges and expenses incidental to the Placing. Those costs include printing, the fees of the Reporting Accountants and the fees and disbursements of the Solicitors to the Company and to Hill Woolgar.

(b) Mr. Robertson and Mr. Foden have given certain warranties and accepted restrictions on the disposal of 90 per cent. of their shares including an undertaking that until 6th November, 1989 in the event that an offer is made by a third party for control of the Company which is not accepted by a majority in value of the other shareholders of the Company they will not accept such offer in respect of their shareholdings (without the consent of Hill Woolgar) unless a similar offer is made for the whole of the issued share capital of the Company at a price which would not only compensate "B.E.S" shareholders for loss of any tax relief but would also give *to them a profit of not less than 50 per cent. on the gross cost of their original investment.*

The Company has also appointed Hill Woolgar as its Financial Advisers for a period of five years from 1st January, 1985 at an annual fee of £12,000 (exclusive of Value Added Tax). (Material Contract No. 5).

Directors' and other Interests

The Directors and their immediate families will immediately following the Placing have the interests in the issued share capital of the Company shown in columns (1) and (2) below all of which are beneficial.

	(1) Ordinary Shares	(2) Founders Shares
R. C. Robertson*	—	56,000
D. C. Foden	—	70,000†
G. Cunliffe*	—	14,000
A. Murray Flutter	—	—
V. Fenton	—	10,000
D. G. White	1,000	—

*through Leigh
†The interest in 16,000 arises under an option agreement with a minority shareholder of Brigade.

Leigh and Mr. Foden subscribed their Founders Shares at par on 6th November, 1984.

Mr. White will have acquired his Ordinary Shares in the Placing at the Placing Price.

Mr. Robertson is Chairman of Bioscot and together with his family owns 50·4 per cent. of the issued share capital of Bioscot, which is a party to Material Contract No. 1 relating to the sale of certain assets of Bioscot to the Company. Mr. Cunliffe together with his family owns 12·6 per cent. of the issued share capital of Bioscot.

Mr. Foden is a Director of Brigade and together with his family owns 70 per cent. of the issued share capital of Brigade, which is a party to Material Contract No. 1 relating to the sale of certain assets of Brigade to the Company. Mr. Foden is also a director of and owns 49 per cent. of the shares of Brigade (SW) Limited a wholesale distributor of Brigade. He intends to dispose of this interest shortly.

Mr. Robertson is Chairman of Leigh and together with his family owns 56 per cent. of its issued share capital. *Mr. Cunliffe together with his family owns 14 per cent. of its issued capital.*

Major Murray Flutter owns 10 per cent. of the issued share capital of Bioscot.

Save as disclosed herein the Directors are not aware of any other shareholdings which will, after the Placing, represent five per cent. or more of the issued share capital of the Company.

Save as disclosed herein no Director is interested either directly or indirectly in the promotion of or in any assets which have been within two years preceding the publication of this Prospectus acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company or in any contract or arrangements to which the Company is a party.

Save as herein disclosed there is no present intention to issue any of the authorised but unissued share capital of the Company and no issue of shares which would effectively alter the control of the Company will be made without the prior approval of the Members in General Meeting.

The minimum amount which in the opinion of the Directors will be required to provide for the matters set out in paragraph 4 of Part I of the Fourth Schedule to the Companies Act, 1948 is £500,000 made up as follows:—

(i) purchase of property—£380,000;
(ii) preliminary expenses and commission—£31,000;
(iii) repayment of monies borrowed—nil; and
(iv) working capital—the balance.

General

(a) Save as disclosed herein during the two years immediately preceding this Placing no share capital of the Company has been put under option or is agreed conditionally or unconditionally to be put under option and no share or loan capital of the Company has been issued for cash or otherwise or is proposed to be issued.

(b) Save as disclosed herein within the last two years no commissions, discounts, brokerages or other special terms have been granted in connection with the issue of any share capital of the Company.

(c) The Company has no litigation or claims of material importance pending or threatened against it and no facts are known to the Directors which are likely to lead to any such litigation.

(d) The Company has been advised that immediately following the Placing it is unlikely to be a close company as defined in the Income and Corporation Taxes Act 1970.

(e) Save as disclosed herein there are no long term or other Service Agreements in existence with the Company.

(f) For the purposes of Paragraph 5 of the Fourth Schedule to the Companies Act, 1948 the subscription list will open at 10.00 on 12th November, 1984.

(g) The expenses of the Placing and the issue are estimated to amount to £80,000 (exclusive of Value Added Tax) and are payable by the Company. The net proceeds of the Placing receivable by the Company will amount to £420,000. The preliminary expenses amounted to £1,000 and are payable by the Company.

Material Contracts

The following contracts which have been entered into during the two years preceding the date of this Prospectus (other than in the ordinary course of business) are or may be material:—

(1) Acquisition Agreement dated 6th November, 1984 between the Company (1) Bioscot (2) Brigade (3) Mr. Robertson (4) and Mr. Foden (5) under which each of Bioscot and Brigade have agreed, conditionally upon the Placing Agreement referred to in (4) below becoming unconditional and to the obtaining by the Company of a certificate under Section 4 of the Companies Act 1980, to sell its undertaking and certain of its assets to the Company for the consideration therein referred to.

The value of tangible assets, stocks and work in progress will be assessed at 31st December, 1984 but brief details and the approximate considerations payable are as follows:—

	To—Bioscot	Brigade
	£	£
Intangible Assets (see page 16)	15,000	69,000
Tangible Assets (buildings, machinery etc.)	†195,000	3,000
Stock and work in progress	80,000	10,000

†The figure given includes £27,000 in respect of the property at Dumfries which will only be sold to the Company if the local Council waives certain pre-emption rights. Failing this the property will be leased to the Company, on arms length terms to be agreed or determined by an expert.

(2) Service Agreement dated 6th November, 1984 between the Company (1) and Mr. Robertson (2) for a period of 3 years at a salary of £10,000 subject to annual review.

(3) *Service Agreement dated 6th November, 1984 between the Company (1) and Mr. Foden (2)* for a period of 3 years at a salary of £20,000 subject to annual review.

(4) The Placing Agreement dated 6th November, 1984 between the Company (1) and Hill Woolgar (2) and Mr. Robertson and Mr. Foden (3).

(5) Letter relating to Financial Advisory services dated 6th November, 1984 from Hill Woolgar to *the Company.*

Consent

Arthur Andersen & Co. have given and not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of their Report and Letter respectively (or references thereto) in the forms and contexts in which they appear.

Documents to be delivered to the Registrar of Companies

The documents attached to the copies of this Prospectus which have been delivered to the Registrar of Companies for registration were copies of the Placing Letter with the attached Acceptance Form and Form of Application for additional shares, copies of the Material Contracts referred to above, the Report of Arthur Andersen & Co. and the written consent referred to above.

Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (*Saturdays and public holidays excepted*) at the offices of Cardales, Dauntsey House, Frederick's Place, Old Jewry, London EC2R 8HN for a period of fourteen days from the date of this Prospectus.

(i) the Memorandum and Articles of Association of the Company;
(ii) the audited accounts of Bioscot for the period ended 31st December, 1982 and the year ended *31st December, 1983 and of Bioscot and Brigade for the period ended 30th June, 1984;*
(iii) the Material Contracts referred to above;
(iv) the Letter and Report of Arthur Andersen & Co.; and
(v) the written consent referred to above.

7th November, 1984

APPLICATION FORM

THIS APPLICATION FORM SHOULD BE COMPLETED AND SENT TO HILL WOOLGAR & COMPANY P.L.C., 5 FREDERICK'S PLACE, OLD JEWRY, LONDON EC2R 8HR AS SOON AS POSSIBLE. IT WILL NOT BE ACCEPTED IF IT ARRIVES AFTER THE CLOSING OF THE SUBSCRIPTION LISTS.

BIOFUELS PLC

("The Company")

Number of shares applied for	*Amount enclosed at £1 per share*	*Example of amounts payable on application*
		500 shares £ 500 1,000 shares £ 1,000 2,000 shares £ 2,000 3,000 shares £ 3,000 5,000 shares £ 5,000 10,000 shares £10,000 20,000 shares £20,000

To: Hill Woolgar & Company P.L.C.
& Biofuels PLC

Dear Sirs,

I/We irrevocably offer to subscribe for the above-mentioned number of fully paid Ordinary Shares of 20p each in the Company at £1 per share and subject to the Memorandum and Articles of Association of the Company. I/We enclose a cheque made payable to Hill Woolgar & Company P.L.C. for the above-mentioned sum, being the amount payable in full on application for the stated number of Ordinary Shares. I/We agree to accept the same or any lesser number of Ordinary Shares in respect of which this application may be accepted.

I/We authorise you to send a Renounceable Allotment Letter for the number of Ordinary Shares in respect of which this application is accepted together with a cheque, if applicable, for any surplus application money by post at my/our risk to the address given in the box below and to procure that my/our name(s) is/are placed on the Register of Members in respect of any shares so allotted not duly renounced by me/us.

*Signature*________________ *Date*________ *1984*

First or Sole Applicant:

Please use BLOCK ▶ LETTERS (1)
All Christian or Forenames
Surname (State Mr., Mrs., Miss or Title)
Address in full

Joint Applicants (if any): *Note—Joint Applicants may not be entitled to B.E.S. relief*

Please use BLOCK ▶ LETTERS (2)
Usual Signature
All Christian or Forenames — *Surname* (State Mr., Mrs., Miss or Title)
Address in full

Please use BLOCK ▶ LETTERS (3)
Usual Signature
All Christian or Forenames — *Surname* (State Mr., Mrs., Miss or Title)
Address in full

Please use BLOCK ▶ LETTERS (4)
Usual Signature
All Christian or Forenames — *Surname* (State Mr., Mrs., Miss or Title)
Address in full

Hill Woolgar & Company P.L.C.

5 FREDERICKS PLACE, OLD JEWRY, LONDON, EC2 8HR Telephone: 01-606 2651

Note: A corporation should complete this Application Form under the hand of a duly authorised officer who should state his representative capacity.

UK COMPANY NEWS

TV and overseas sales give Granada record year

ASSISTED BY a near £13m trading contribution from television, Granada Group boosted taxable profits by more than £10m in the year to September 29 1984. This was achieved on group turnover up by £113.11m to £634.2m.

The return on the year was £53.75m compared with £43.46m, and is a record for the group. It includes a two-and-a-half-month contribution from the UK television rental business of Rediffusion, acquired in July, which prevented a profit slip in the TV and video rental division. This sector provided *the lion's share of the total* £55.05m trading profit with a surplus of £26.22m. The comparative figures are £44.64m and £24.71m respectively.

Despite an increase in the Channel 4 subscription from £15.6m to £21m, the profits of Granada Television and Granada International were £13m compared with £8.6m with turnover up from £139.45m to £171.01m.

Also significant was the performance of the overseas rental business, which increased trading profits by some 69 per cent to £9.69m, up from £5.72m. The directors state that this "very good result" was particularly so in Canada and Germany, where total subscribers have increased during the year by 15 per cent and 12 per cent respectively. In the U.S. there was a satisfactory increase in subscribers, although development costs were only slightly less than last year.

The motorway services division turned in a trading profit of £3.83m, up from £2.59m, and achieved its highest ever sales figure at £94.71m against £79.9m. The directors say that the result shows the benefits of competitive petrol pricing and investment in *improved facilities.*

Mr Alex Bernstein, chairman of Granada

Bingo social clubs and cinema attendances showed a slight fall from last year, with turnover static at £32.76m against £31.63m. The division was undoubtedly *affected by the miners' strike*, but the level of profits has been maintained at £6.13m (£6.06m).

Within Properties the Barranquilla Group's two recently refurbished properties are now complete and partly let with further tenancies under discussion.

The losses of the Belgian insurance companies were almost halved but the underwriting business remains difficult.

Other activities include the smaller companies and central group financing costs. The holiday company, as forecast at the half year, made a loss and since there was little prospect of improvement it has been decided to cease trading. Total divisional losses deepende from *£2.93m to £4.31m on sales down* from *£12.21m to £10.63m.*

Shareholders are to receive a final dividend to 4.1p net per share, effectively lifting the total from 5.27p to 6.19p. Earnings per share are stated at 15.2p against 12.5p. Total dividend payments will account for £15.79m (£9.68m).

Depreciation rose from £74.74m to £85.01m.

Net interest payable took less at £6.06m against £8.35m, and the employee share scheme provision rose from £1.18m to £1.29m.

The tax charge for the period rose from £22.23m to £23.37m.

● comment

Granada's television and video rental business may not be the jewel in its crown—that privilege being reserved for the programme of the name—but rental did turn in a 6 per cent increase in trading profits, thanks to an 11-week contribution from Rediffusion. Rental in the UK may not be a growth area, but the concentration of the merged businesses through the closure of 170-odd more retail outlets should bring benefits this year—protected by an *£8m write-off below the line for* non-recurring integration costs. Overseas, trading profits from rental increased by an encouraging 69 per cent despite heavy development costs in the U.S. where Granada is fighting a hard slog to convince American viewers of the virtues of *renting sets.* Although Channel 4 remains a substantial net cost to the television business, programmes sales overseas are powering ahead—even if Granada may find its jewel a hard act to follow this year. The shares closed yesterday unchanged at 172p leaving *Granada on a p/e of 11.*

Coalite's 9% rise in spite of pit strike

THE ADVERSE effects of the miners' strike on solid fuels processing and distribution were offset by improved performances in most other *activities at the Coalite Group,* giving the company an 8.9 per cent increase in taxable profits in the half-year to September 30 1984.

The interim return was £10.88m against £10m after a higher contribution from interest and similar income at £2.82m against £2.33m. Turnover edged ahead from £190.84m to £193.43m, generating profits of £8.07m (£7.67m) at the operating level. Depreciation took £2.52m (£2.01m).

The current half performance will depend on the duration and extent of the dispute in the coalfields and, among other things, the winter weather. The last full year saw profits at £22.53m on turnover of £441.77m.

The interim dividend is lifted from 1.67p to 1.78p net per share, and will account for £1.53m (£1.44m).

After tax of £4.9m (£5.2m), calculated at the rate of 45 per cent, net profits came out at £6m against £4.8m.

● comment

The word is out that Coalite is surviving the miners' strike better than might have been expected. Unfortunately, the company did not enlarge yesterday upon the brief comments in its statement, clearly wary of *attracting the unwelcome attentions* of the NUM. However, it seems that of the three Coalite processing plants, Bolsover is operating normally, while Grimethorpe and Askern in Yorkshire are very short of stocks. Profits from solid fuel processing and distribution were down in the first half—but what is much more important is the current state of stocks and supplies in advance of the winter when *most of* the profit is made. Meanwhile, the inability to carry large stocks has increased the company's cash balances, so cushioning the profit loss with an increase in the interest receivable. Other parts of the group are almost all ahead of last year and further progress in the second half should compensate to some extent for the continuing impact of the strike. Assuming full-year profits of *£35m pre-tax and* a 45 *per cent* tax charge, the shares, down 4p to 193p, trade on a multiple of 8½. The rating leaves room for some considerable gains if, and when, the strike is settled.

Charter Consolidated withdraws from fibre insulation

Medium to strong tremors at Cape

BY RAY MAUGHAN

ON A seismic scale, the shock registered by the sudden and costly withdrawal from all fibre insulation manufacture by Charter Consolidated and its 67.3 per cent owned subsidiary, Cape Industries, must fall between medium to strong.

The tremors induced by an *attributable loss of £33m* and the admission that Cape will probably need more capital are perhaps not as powerful as the forces which created the fissures at the banking arm of Charter's 27.9 per cent associate Johnson Matthey.

But the impact has been far more immediate than the deep-seated rumblings of the asbestos claims against Cape which show up each year. Cape was *making a third of its profits from* asbestos mining in South Africa when, in 1969, Charter launched a partial bid at a cost of £12.5m to lift its stake from 25.3 per cent to a targeted 62.5 per cent. The deal was put forward as the gateway to major industrial expansion in the UK as Charter *sought to lessen its dependence* on mining investments.

The asbestos mining element of Cape's profits had not reduced substantially by the time the two mines were sold for £15.1m in cash, to an offshoot of Barlow Rand, South Africa's leading *industrial group, a decade after* Charter took majority control. At that time, the last reported results showed that Cape's total profits were £12.7m to which asbestos mining contributed £4.2m.

Cape was able to fill the mining *void in the following year* but the profits record subsequently has been one of infrequently alleviated decline over which the parent has had no ostensible control.

Cape Industries operated at a loss over the nine months to end-September 1984, and after *extraordinary charges of £27m* **showed a £33.18m deficit at the retained level.**

The company, including its discontinued businesses, incurred an operating loss of £2.15m, which was deepened to £5.55m pre-tax after interest charges. Turnover amounted to £164.75m.

Below the tax line, Cape had to make a £27m provision for a major restructuring, being mainly the sale *of part of its* **insulation business and the closure of the remainder, together with the discontinuance of insulated metal cladding operations.**

After stripping out the £4.9m operating losses attributable to these operations, Cape's on-going *businesses show a profit of* **£2.75m.**

Building products made £4.27m, but industrial contracting *and automotive* **operations incurred losses of £731,000 and £356,000 respectively. For the first six months of last year the three divisions made respective profits of £2.46m, £2.63m and £406,000.**

***In calendar 1983* Cape made a profit before tax of £4.38m after interest payable of £3.9m. Total dividends paid were 5.6p—there is no payment for the nine months under review.**

Even so, Cape represented a big slab of Charter's turnover contributing almost £150m towards Charter's manufacturing *sales of £466m last year.* And Cape's net worth last December was almost £60m against shareholders' funds in Charter of £383.8m.

The insulation débâcle has sliced Cape's net worth to some £27m, which falls by some margin to support estimated net debt of about £45m. The immediate plan is to arrange bridging finance with Cape's bankers while Kleinwort Benson puts together the new equity package, which should see the *light of day* in February.

The prognosis is a heavy proportionate call on shareholders, raising perhaps £15m, and the ever-patient Charter can be expected to stand its corner.

Peat Marwick Mitchell is preparing an 18 month projection of Cape's residual businesses in fire protection and automotive products now that Pilkington has picked the insulation interests which Cape had neither the volume nor the muscle to manage effectively.

See Lex

Pilkington picks up the pieces for £8m

BY ANDREW TAYLOR

WHY SHOULD Pilkington want to pay £8m for a business which made a £1m pre-tax loss in the first nine months of this year in an industry where sales have slumped by more than 20 per cent since 1979, and where capacity now exceeds demand by more than 40 per cent?

The St. Helens-based glass company, already Britain's largest supplier of mineral fibre insulation for domestic and commercial users (an industry which generates annual sales of around £130m), will increase its manufacturing capacity by at least another quarter with the *acquisition from Cape Industries* of two more insulation factories: at Sterling, Scotland and Queensferry, North Wales.

Cape is pulling out altogether from the mineral fibre market. Mineral fibre insulation comes in two main forms: glass and rock based. It is Cape's rocqwool interests that Pilkington is buying. Cape's remaining glass fibre insulation factory at Washington, Tyne and Wear is to close.

The advantages to Pilkington are:

● It will expand the company's product range since Pilkington currently has no rock fibre interests.

● The move is also partly defensive. The only other British-based producer of rock *fibre is Rockwool, jointly owned* by BP and Rockwool International, a Danish company. The abandonment of rock fibre manufacture by Cape would have left Rockwool with no domestic competitors.

● Pilkington also hopes to absorb some of its increased capacity by picking up sales as a result of the closure of Cape's glass fibre interests. Pilkington hopes to increase the manufacturing efficiency of its glass fibre insulation plants from 60 per cent of operating capacity to more than 70 per cent.

The advantage of rock fibre insulation is that it can withstand temperatures of up to 950C compared with up to 550C for glass fibre insulation. It *therefore* has wider use applications, particularly in process plant industries.

Since 1979, sales of mineral fibre products have fallen from a peak of 9.2m cubic metres to around 7.25m cubic metres this year. During the same period, capacity has exploded from just under 8m cubic metres to between 13m and 14m cubic metres.

Manufacturers claim that conflicting Government decisions have played a major part in their misfortunes. They say policies to promote energy conservation in the 1970s encouraged them to increased capacity.

Companies say they had the rug pulled from underneath them by a Government decision to end, in 1980, a scheme which had specifically earmarked funds for local authorities to spend on items like loft insulation.

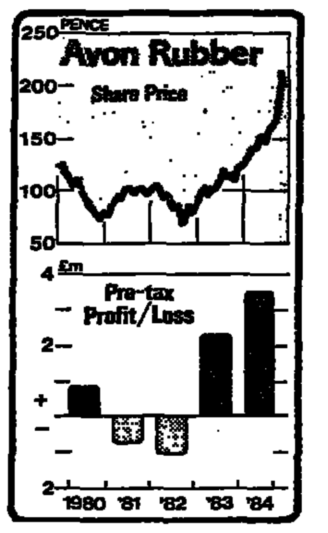
Companies however cannot be absolved from over-estimating demand. Since 1976, two new companies, Rockwool and Gyproc (part of BPB Industries) have started manufacture of mineral insulation products in the UK. And existing manufacturers like Cape and Pilkington have also modernised and expanded capacity.

The legacy of all these decisions is still being paid for. Pilkington's glass fibre insulation interests, for example, made a £5.5m pre-tax loss in the 1983-84 year.

Avon Rubber climbs to £3.5m

Avon Rubber, tyre manu*facturer and industrial polymer* group, continued its recovery through the second six months to finish the year to September 29 1984, £1.21m ahead at £3.53m pre-tax.

In September, as the time of the £9.9m rights issue, the directors forecast profits of not less than £3.3m and a dividend total of 5p (3p) net. This is being met with a final payment of 3p.



Lord Farnham, the chairman, tells shareholders that the effects of the miners' strike continued to depress the profits of the motorway depots in the areas concerned and the more recent spate of strikes in sectors of the British motor industry adversely *affected the results of the* group's tyre and polymer companies.

However, he adds that despite these difficulties the directors continue to view the future with confidence.

Turnover for 1983/84 advanced from £171.83m to £180.4m and trading profits pushed ahead to £6.08m, compared with £5.3m, after deduction depreciation of £2.78m (£2.58m).

Pre-tax figures were struck taking account of lower interest charges of £2.55m (£2.98m) and adding in a £747,000 (£313,000) share of related companies' profits.

Tax accounted for £643,000 (£423,000) and minorities *£26,000 (£23,000).*

Earnings per £1 share emerged at 39.2p, against a restated 25.7p.

The directors say development work on the new respirator for the Ministry of Defence is proceeding satisfactorily and will be completed this year.

Referring to the work the group has carried out on behalf *of the U.S. authorities* they say that if a contract is awarded they intend the manufacture be undertaken by the joint venture *company, Ames-Avon Industries.*

Production of UK requirements is anticipated to commence later this year and Lord Farnham expects this to make a signficant contribution to profit in 1985-86.

He says a great deal of interest has been shown by other overseas countries in the new respirator and there are prospects of licensing and manufacturing arrangements in those countries.

The outlook remains encouraging for the joint venture company with the Bell aerospace *textron division of Textron* for the manufacture of hovercraft skirts and other flexible fabrications. These will be used primarily for U.S. defence requirements. Construction of the factory in Mississippi is well advanced and initial production planned for the spring.

Development by Avon Lippiatt Hobbs in conjunction with British Gas and the Water Research Council of a range of *pipe cracking techniques is pro*gressing well.

However, the chairman says there is no easing in the fiercely competitive conditions in the typre market and from next month Avon will be the only British-owned tyre company.

The level of profit earned in the past year by the tyre-related businesses "give grounds for confidence" and the policy of *selective investment in* the more specialised sectors is being maintained.

A number of new tyres have *been introduced and during this* year production efficiency will be further improved by the introduction of the latest tyre building machinery.

It is pointed out that there is a well established technical aid agreement with Vikrant tyres, Mysore, India, on which useful royalties are being earned. Similar agreements in Pakistan and Malaysia are being actively pursued as are opportunities elsewhere in the Far East.

Avon's pre-tax profits reached a peak £5.42m in 1976-77 but fell steadily over then next five *years with the group ending the* 1981-82 year £1.04m in the red. The dividend was cut to 1p.

Morgan Communications up 60%

Morgan Communications, the USM company that produces and *delivers the Guardian group of* free newspapers in London and the South Coast, achieved a 60 per cent increase in interim profits and the directors look forward to "continued success"

In the six months to September 30 1984 pre-tax profits rose *to £372,000,* compared with £232,000 in the same period of 1983 and a total of £509,000 for the year as a whole. A maiden interim dividend of 1p net per share is declared—certain directors have waived this payment in respect of 50 per cent of the issued share capital.

Last year, the company paid a single 0.3p. However, an amount of 1.85p per share would have have been paid had the *shares* been publicly held throughout the year.

Mr Paul Morgan, the chairman, says that the six months *figures* "*fulfilled our* best expectations" and was largely achieved by improvements in both size and profitability of existing newspapers.

Turnover for the half year climbed from £1.94m to £3.19m.

● comment

Morgan Communications' 60 per cent growth in taxable profits was all that the market expected of it and more, so the shares accordingly gained 26p to a new high of 107p. Margins, however, are less exciting, having slipped a fraction of a point since the previous interim to 11.6 per cent. *Advertising rates have stag*nated in real terms, while a higher level of start-up costs for new titles has disguised the organic growth of the established ones. The scope for further new launches is beginning to diminish as an increasing number of paid for newspapers *jump on the freesheet band*waggon, and it looks as if Morgan's papers will be close to saturating their markets in three to four years. That does not mean that profits growth will come to a halt in 1988, but it does point to a switch from internally generated growth to expansion through acquisition. To that end, Morgan already has a London free magazine in its sights. Around £780,000 pre-tax *looks in reach for the year, which* puts the shares on a prospective multiple of 16.2 after a 40 per cent tax charge—a slight premium to the sector, but a fair reflection of the group's growth prospects.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Avon Rubber	3	Feb 12	2	5	3
Brunning int	2.1	Jan 9	1.93	—	4.73
Cape Industries int	nil	—	1.7	—	5.6
Carroll Industries	3.7¶	Feb 11	3.13*	5.5¶	4.93*
CH Industrials int	0.45†	Feb 22	0.4	—	1.88
City of Dublin Bank	2.24	Feb 22	2.24	3.2	3.2
Coalite	1.78	Feb 11	1.67	—	5.8
J. A. Devenish	9.25	—	8	11.5	10.25
Grainger Trust	4	—	3.2	5.25	4.2
Morgan Commnctns int	1‡	—	—	—	0.3
Osprey Comms int	0.5	—	—	—	—
Pegler-Hattsreley int	5.25	Feb 1	5	—	13.5
Pericom	1.3‡	Jan 25	—	2	—
Rowlinson Securities int	0.18	Jan 22	0.18	—	0.65
Windsor Securities	*0.75*	—	*0.75*	*1.25*	*0.75*
Granada	4.1	April 1	3.36*	6.19*	5.27*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Assuming approval of one-for-two scrip issue.

Lombard pays out £374m from reserves

Further progress has been shown in pre-tax profits from an adjusted £72m to £77.9m by Lombard North Central for the year to the end of September 1984. However, extraordinary debits of £374.2m have been *incurred by this subsidiary of* National Westminster, which have been transferred from special reserves being proven for deferred tax.

The directors say that changes in capital allowances and rates of corporation tax in the last Budget have had "a signficant effect" on the group's leasing business and on its accounts.

Steps taken to enhance the quality of underwriting have had *some success*, but *improve*ment in bad debt experience is expected to be gradual and largely dependent on a general uplift in the economy, the directors say. They are satisfied that adequate provision has been made for anticipated losses and believe the company is well *placed to cope with these* problems

Lombard has maintained a special reserve to cover unprovided potential deferred tax liabilities and after providing for deferred tax and for the loss of future rental income on certain leases with tax variation clauses *outstanding at the end of* September 1983, £102m of this has been released to general reserve.

Turnover moved up from £1.66bn to £1.96bn.

The aggregate amount financed by UK members of the Lombard Group in the year was £1.8bn, an increase of 12 per cent, which set another record, say the directors. Total UK outstandings are more than £3.4bn.

Tax for the year came to *£57.8m (credit £46.4m)* after which there was a transfer from special reserves of £31.4m

LADBROKE INDEX
Based on FT Index
909-913 (unchanged)
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UK COMPANY NEWS

Significant upturn at John Brown

THE LOSS at the John Brown group has been halved to £4.54m in the half year ended September 30 1984, and further progress is expected towards returning to profit in the current six months.

In 1983-84 the group incurred a loss of £8.97m in the first half but that was reduced to £5.61m by the year-end. There is not yet a return to dividends, the last payment being the 2.5p final on account of 1981-82.

Mr Allan Gormly, managing director, says the group remains on course in implementing the corporate plan, notwithstanding that debt reduction has been made more difficult by currency movements which have increased the sterling value of the dollar borrowings. "Debt reduction remains a matter of the highest priority both by divestment and by better management of the assets utilised in our continuing businesses."

On the divestment front, negotiations are currently in progress for the sale of Olofsson, the U.S. specialist engineering group.

In the half year the group turnover rose from £215.43m to £291.98m and there was an operating profit of £3.65m (loss £649,000) before corporate charges, with improvements in power engineering, textile machinery and plastics machinery offsetting a much reduced contribution from engineering and construction. Also there was no provision for discontinued losses, compared with £2.67m.

Mr Gormly says despite the uncertain trading and competitive conditions in the capital goods market, the group has continued to progress. Order intake was up to expectations in most business areas except power engineering, but this has improved since with a major contract worth £30m in Brunei. "But more work needs to be won."

A split of the half year's turnover and pre-interest profit shows, in £000s: engineering and construction £124,974 (£76,364) and £433 (3,122); plastics machinery £50,078 (£27,515) and loss £537 (£1,998); power engineering £56,734 (£28,575) and £2,515 (£403); textile machinery £12,762 (£11,282) and £188 (loss £713); transportation equipment £11,067 (£11,613) and £82 (£219); specialist engineering £36,368 (£30,155) and £969 (£984). Last year discontinued businesses accounted for £29,926 and loss £2,666.

The substantial depreciation of sterling against the U.S. dollar and, in the first half year, higher interest rates on both sides of the Atlantic, adversely impacted results.

In engineering and construction the taking of profit is irregular, depending on contract completions and not on turnover. In the half year there were, particularly in the UK, fewer completions than in the corresponding period last year. However Mr Gormly expects a modest improvement during the remainder of the year.

The plastics and textiles business area continued the improving trend which began last year.

Pre-tax profit was struck after corporate charges of £795,000 (£1.66m), other expense £306,000 (nil) and interest payable £7.09m (£6.66m). Tax takes £566,000 (£239,000) to give a net loss of £5.1m (£9.21m), equal to 3.9p (7p) per share. Last year £36.75m was provided as an extraordinary charge to cover implementation of the corporate plan, and the directors judge that this will be adequate.

● comment

John Brown's trading performance is more or less in line with the corporate plan announced in January. Profits in engineering and construction are down as expected due to the timing of completions — the outlook for the next few years is brighter with an increase in orders from the North Sea oil industry. Power engineering profits are sharply up — again for timing reasons — but the prospects here are less certain given the state of the market. Textiles and plastics machinery are recovering on schedule. Unfortunately there is less satisfactory news on the condition of John Brown's balance sheet — the rise of the dollar has added about £10m to the debts in sterling terms, wiping out the cash gains made from a few disposals in the period. The scale of Olofsson in the next two or three months — perhaps for $25m — will reduce the onerous U.S. debts but will still leave the group with borrowings of more than twice shareholders' funds. The most attractive solution, in advance of an almost inevitable capital reconstruction, would be the sale of a stake in the power engineering business, on the lines of the deal John Brown tried to reach with Hawker Siddeley. But where are the potential partners? The shares, down 1p to 26p, remain very speculative.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied Colloids, Alva Investment Trust, British and American Film, British Tar Products, Central and Sheerwood, Edbro, Feedback, Ferranti, Fine Art Developments, John Finlan, Gibbs Mew, Great Universal Stores, Gresham House, Holden Hydroman, Pauls, Philips Lamps, Property and Reversionary Investments, Routledge and Kegan Paul, Stewart and Wight, Wagon Industrial.

Finals: Adam Leisure, BOC, Bass, First Union General Investment Trust, Hanson Trust, Metamec Jentique, Nottingham Brick, Spencer Clark Metal Industries.

FUTURE DATES

Interims—

Dwek	Dec 14
Ingram (Harold)	Dec 13
Jacksons Bourne End	Dec 12
London Merchant Securities	Dec 13
R.F.D.	Dec 13
Reed Executive	Dec 18
Smith Whitworth	Dec 11
TSL Thermal Syndicate	Dec 7

Finals—

Atlanta Investment Trust	Dec 7
Vaux Breweries	Dec 13
Williams (John) of Cardiff	Dec 14

Pegler edges ahead midway

TAXABLE PROFITS at Pegler-Hattersley edged ahead in the six months to September 30 1984 following a decline at the last full year end, and shareholders are to receive an increased interim dividend.

The midway outcome was up from £7.87m to £8.38m, assisted by a drop in exceptional debits from £306,000 to £154,000, a higher contribution from the group's related companies at £2.92m against £2.84m, and a rise in received interest from £820,000 to £910,000.

The directors have declared a higher interim dividend of 5.25p net per share, up from 5p, with stated earnings at 14.3p against 13.6p.

In the last full period when pre-tax profits slipped from £17.76m to £17.02m the total payout amounted to 13.5p per share. The directors state that the company's balance sheet remains strong with a positive cash flow from activities.

Group turnover for the half year—Pegler is a manufacturer of industrial valves, controls and fittings, building and general products—was up from £73.83m to £75.01m, following a period of flat demand.

The directors anticipate some fall for building products during the current half, and know that there has been a further fall in the value of the South African rand. On the other hand, they say, the outlook for the valves and distribution divisions looks brighter. The overall results should therefore be maintained, they forecast.

● comment

Pegler seems to be well and truly stuck on a profits plateau. For the past two years it has been hovering around the £18m pre-tax level and the current note of caution means that once again there will be nil growth this year. The reasons for this are two-fold. Firstly, the UK housebuilding and renovations market looks to be entering a cyclical downturn phase and this will inevitably affect Pegler's building products division. Secondly, the associated companies overseas, have been hit by unfavourable exchange rate movements to the tune of around £0.5m so far this year. Against this, trading prospects look more encouraging on the valves and distribution side. Pegler has been sitting on a fast-mounting bundle of cash for four years (£25m at last count). So far the company has (it says) not found a better home for it than the bank. But management may well be regretting that it has not made an acquisition or two to perk up what is going to be an unexciting period ahead. At 256p, down 2p, a 45 per cent tax charge on a same-again year makes the prospective multiple of around 8.3 look about right, although there is some yield attraction.

Public Works Loan Board rates

Effective December 5 1984

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10	—	—	10½
Over 1, up to 2	10⅛	10⅛	10⅛	11⅛	11⅛	11⅛
Over 2, up to 3	10½	10⅜	10⅜	11½	11⅜	11⅜
Over 3, up to 4	10½	10½	10½	11½	11½	11½
Over 4, up to 5	10⅝	10⅝	10⅞	11⅝	11⅝	11⅝
Over 5, up to 6	10½	10½	11	11½	11½	11½
Over 6, up to 7	10⅝	10⅝	11⅛	11½	11½	11⅝
Over 7, up to 8	10¾	10⅞	11⅛	11¾	11⅞	11⅝
Over 8, up to 9	10⅞	10⅞	11⅛	11⅞	11⅞	11⅝
Over 9, up to 10	10⅞	11	11	11⅞	11¼	11¼
Over 10, up to 15	11⅛	11⅛	10⅞	11⅞	11¼	11¼
Over 15, up to 25	10½	10⅝	10½	11½	11⅛	11
Over 25	10½	10⅝	10⅞	11	10⅞	10⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Avesco valued at over £8.5m

BY WILLIAM DAWKINS

Avesco, a Wandsworth-based maker of digital equipment for converting television signals, has published details of its plans to join the Amsterdam parallel market, the Dutch equivalent of the USM.

In a highly unusual move for a British company, Avesco is to raise £1.16m after expenses from an offer for subscription on the Dutch secondary market.

Mr Alfred Stirling, a non-executive director, said the group chose that route because it was too young to join London's USM and because it feared that the UK over-the-counter market could not offer adequate marketability for its shares. The group hoped to apply for a full London listing after five years.

In addition, the Netherlands represents the biggest market in Continental Europe—which in total account for 25 per cent of sales—for Avesco's products. Amsterdam stockbrokers Kempen & Co have agreed to offer for sale 2.85m new shares—15 per cent of the enlarged equity—at the equivalent of 45p each, capitalising Avesco at £8.55m.

Taxable profits are forecast to rose from £497,000 to £750,000 in the year to next March, which puts the offer price on a multiple of 14.02 times stated prospective earnings. A net dividend of 0.35p is proposed, giving a 1.1 per cent yield, covered 9.2 times by earnings.

Television standards converters are used by news gatherers to distribute recorded material worldwide in any of the five signals standards now in international use. They are currently made by five British companies, including GEC. Avesco sells more than 100 annually for between £25,000 and £29,000 each, which compares with around £150,000 for the most sophisticated converters designed for full broadcasting use.

Biofuels steps up advertising campaign

British Telecom's flotation has produced an uncomfortable spin-off for one of the latest new issues on the over-the-counter market.

Licensed dealers Hill Woolgar say investors' attention has been so dominated by BT that it has had t ostep up its advertising for Biofuels, a producer and importer of logs made from compacted wood waste, which is aiming to raise £500,000.

Biofuels first announced its OTC placing of 500,000 shares at 100p each last month, and subscription lists close on December 17. Investors in the issue will qualify for Business Expansion Scheme tax relief.

A two page advertisement for Biofuels appears in the FT this morning, following last month's six-inch by three-and-ahalf inch box announcement.

Biofuels is making no profit forecasts, but the directors believe that sales could reach between £900,000 and £1.1m in the year to next December, at which level there should be a profit of between £60,000 and £120,000.

In an unconnected move, Hill Woolgar is looking for a new managing director to take on an administrative rôle while Mr Woolgar concentrates on attracting new corporate clients.

Carroll strong in second half

ON THE BACK of a significant recovery in the tobacco division in the second half, the Dublin-based Carroll Industries has produced a pre-tax profit, on a CCA basis, of I£5.8m after allowing for I£1.68m redundancy costs, compared with I£7.25m in the previous year.

Shareholders benefit from the company's renewed strength with their net asset value up from 103p to 110p, and an increased dividend. There is to be a 1-for-2 scrip issue, and on the new capital a final dividend of 3.7p net will be recommended; this will make the equivalent of 5.5p for the year, against 4.93p last time.

The tobacco side picked up following an extensive restructuring of costs, a voluntary redundancy programme, and the securing, once again, of export manufacturing orders. At the year end net bank borrowings were insignificant at £568,000 compared with £4.74m the year before.

Overall sales for the year rose from £232.33m to £252.44m, with tobacco accounting for £194.69m (£179.66m), pharmaceuticals £53.04m (£48.74m), print and packaging £6.73m (£6.1m), less intra group £2.02m (£2.16m). From these tobacco made a profit of £5.89m (£6.58m), pharmaceuticals £1.34m (£1.32m) and print and packaging £401,000 (£208,000).

Pre-tax profit was struck after adjustments for cost of sales £2.2m (£1.87m), monetary working capital £91,000 (£243,000) and depreciation £888,000 (£903,000). Net interest receivable was £22,000, the first time in modern history that the group has been in credit on this account—last year £739,000 net interest was paid. On an historical basis the pre-tax profit came to £8.8m (£9.78m).

COMPANY NEWS IN BRIEF

Further profits growth was achieved by Pericom for the year to end-September 1984, and Mr Ron Cragg, the chairman, says that the company has entered the current year with "confidence and considerable momentum."

The taxable result for 1983/84 came out at £1.2m, against £985,000, and shareholders are set to receive a final dividend of 1.3p, which makes a total payout of 2p compared with last December's USM placing forecast of 1.7p.

Pericom manufactures computer terminals, graphics display terminals, and micro-computers for business and professional use. Turnover for the year amounted to £7.92m (£7.21m).

Mr Cragg says that demand for graphics terminals increased and explains that the modest rise in group turnover reflected a generally reduced demand for Pericom's previous series of VDUs which occurred earlier than expected.

Earnings per 10p share were shown as 9.3p (10.3p). Tax took £504,000 (£239,000) and there was a £142,000 extraordinary charge this time, relating to deferred tax adjustments arising from this year's Finance Act.

* * *

Yearling bonds totalling £19.3m carrying a coupon of 10 per cent redeemable on December 11 1985, have been issued this week by the following local authorities.

Newbury District Council £0.5m: St Helens Metropolitan Borough Council £0.5m: Sedgemoor DC £0.5m: Shepway DC £0.5m: Fenland DC £0.5m: Norwich (City of) £1.25m: Rochdale (Metropolitan Borough of) £0.5m: Wansbeck DC £0.3m: West Glamorgan County Council £0.75m: Edinburgh (City of) DC £2m: Sandwell (Metropolitan Borough of) £2m: Ealing (London Borough of) £1m: Gateshead Metropolitan District Council £1m: Brentwood DC £0.5m: Dudley MBC £0.75m: Kingston-upon-Hull (City of) £1m: Oldham MBC £1.5m; Reading BC £1m: Tameside MBC £0.75m: Cardiff (City of) £2m: Stafford BC £0.5m.

* * *

Gartmore American Securities has placed a £99,094 nominal £3m 11⅜ per cent debenture stock 2014. Interest is due on March 15 and September 15 and the stock is repayable at par. Dealing is expected to start tomorrow afternoon.

The money will provide resources to enable Gartmore to invest in a number of "attractive" listed and unlisted companies in North America and elsewhere. Part will be used to repay the existing multi-currency loan (some £694,000 at March 31) when conditions are considered appropriate.

* * *

General Accident Group, a major UK composite insurance company, has appointed an outside investment company, Edinburgh Fund Managers, to handle the investments of its new unit-linked operations starting in the new year.

This represents a radical departure for a traditional insurance company where all investment management, including unit-linked operations, have been handled internally.

In entering the unit-linked field GA has taken the view that it will require a high degree of investment expertise in many areas which it cannot provide itself. Edinburgh Fund managers have a high reputation and a good strack record, particularly in the Far East.

Investment policy will operate on a joint basis between GA and Edinburgh Fund managers. The latter will be responsible for the day-to-day tactical investment management.

* * *

The year ended September 30 1984 has proved to be one of strong recovery, for Transport Development Australia, the 70 per cent owned listed subsidiary of the UK group. Profit before tax has risen by 48 per cent, from $1.9m to $2.82m, and the dividend is lifted from 8.5 cents to 9.5 cents, with a final of 5.25 cents.

The pick up in the economy led to increased activity and profits of all trading companies improved, particularly in road haulage where inadequate profits were made in the previous year. Before interest charges, storage profit rose 26 per cent to $2.4m and haulage profit expanded 97.6 per cent to $1.45m.

In the current year it will be difficult to repeat the rate of profit growth as the recovery in the domestic economy appears to be slowing.

BIDS AND DEALS

Nottingham Mfg. lifts Johnson terms

BY RAY MAUGHAN

Nottingham Manufacturing, the knitwear supplier to Marks & Spencer, has raised its offer for Johnson Group Cleaners which is now valued at £53.2m taking the ordinary share bid at 440p per share, up from the opening bid of 410p, the employee shares at 268p and the preference at 130p.

The announcement that the terms will not be increased further brought Johnson's share price down 10p to 440p, right in line with the value of the ordinary bid. That enabled de Zoete & Bevan, the stockbroker acting for Nottingham, to pick up over 400,000 Johnson shares in the market, or 3.7 per cent of the equity.

Nottingham calculates that the new price represents a p/e of 17.6 on a fully taxed basis although the defence countered that Nottingham "has conveniently ignored our forecast growth in the first half of 1985 which implies an earnings multiple of only 10.9 times earnings for the 52 weeks ending June 29 next."

For its part, Nottingham believes that Johnson's recent detailed defence document "starkly reveals the extent to which Johnson's directors intend to dispose of UK properties in order to finance expansion in the U.S. This policy would effectively starve Johnson's UK business of necessary resources and can only be to the detriment of the quality of Johnson's earnings."

Nottingham accuses Johnson of financing further acquisitions from property disposals and. "if all the non-trading properties were sold, some £10m would be raised assuming the revaluation figures can be realised on sale." This would result in tax liabilities and, "more importantly, future earnings would be at risk through increases" if the properties were sold and leased back.

The counter from Mr John Crockatt, chairman of Johnson, was that "*the realisation of our* property portfolio will not happen overnight but will be a gradual process in line with our requirements in both the UK and the U.S."

Wiljay

The Gooding Group has declared its offers for Wiljay unconditional in all respects. It now holds 86.31 per cent of Wijay's ordinary shares and 88.4 per cent of the preference capital. The offers will remain open until further notice.

All of Wiljay's directors have resigned. Gooding has appointed Mr D. A. Norton, Mr P.C. Hickson, Mr D. J. Taft, Mr I. D. Maitland and Mr N. Burgess to the Wiljay board.

LCP plans to concentrate on U.S. following disposal

BY CHARLES BATCHELOR

LCP Holding, the diversified West Midlands industrial group, is reshuffling its motor trade businesses. It is selling Evans Halshaw, its UK vehicle distribution group, to its management *for £10m to concentrate* resources on Whitlock Corporation, its U.S. automotive parts retailing operation.

The Evans Halshaw sale will result in a write-down of £5.51m on LCP's share premium account. At the same time LCP plans to raise £12.6m, net of expenses, by means of a one-for-four rights issue of up to 16.32m shares at 80p per share.

LCP's shares fell 3p to 92p yesterday.

The sale of the UK motor dealerships represents a major change in the shape of LCP and means Whitlock will contribute about 65 per cent of trading profits in the year ending March 1985 and 50 per cent of turnover.

Mr David Rheod, LCP chairman, compared gross return of 15 per cent on the UK motor business with Whitlock's return *of 40-45* per cent.

LCP is keen to move out of the cyclical motor dealing trade where it foresees growing difficulties as the EEC attempts to harmonise prices, and continued discounting by the manufacturers.

It considered floating off Evans Halshaw on the stock market but estimated its £15m of assets would have had a market value of only £6m-£7m against the management buy-out price of £10m. The sale and rights issue will reduce LCP's gearing from 90 to 40 per cent.

Evans Halshaw made £2.34m trading profit in the year ended March 1984 on turnover of £135m. It is being taken over by 20-25 of its senior managers led by Mr Peter Green, the chairman, through a newly-formed company Hinterplace.

The managers are expected to take about 60 per cent of the £500,000 equity with Barclays Development Capital taking the rest as well as providing loans to cover the rest of the purchase price.

Whitlock operates stores and superstores retailing vehicle parts to DIY enthusiasts in the Eastern U.S. and the mid-West. *It plans to open 10 more stores* next year after seven this to take its total to 65.

It expects to pay a final dividend of at least 2.2p for the year ending March 1985 on the enlarged capital after an interim payment of 1.8p. It paid a total of 4p last time.

Currys concedes defeat after eight-week battle

BY CHARLES BATCHELOR

Currys last night threw in the towel to acknowledge defeat in its eight-week bid battle with rival electrical retailer Dixons.

The Currys' board said it recommended shareholders to accept Dixons' £248m bid in the interests of achieving an orderly transfer of control to the victor.

Currys, whose spirited defence *of its independence ended in the* High Court on Tuesday afternoon, conceded defeat with regret but said it foresaw a prosperous future within the Dixons group.

The Currys' board spent yesterday afternoon in negotiations with Dixons. These led to it obtaining "satisfactory assurances" that the existing Currys chain would be developed as a *separate and parallel business* alongside the Dixons stores.

Currys also extracted an assurance that its Ealing headquarters would be maintained to carry out a separate buying function and provide central Currys services.

Dixons announced yesterday that its holding in Currys had risen to 52.3 per cent—compared with 51.4 per cent at mid-afternoon Friday when Currys decided to launch its legal challenge—and its bid had gone wholly unconditional.

Trading in the shares of both companies resumed on the Stock Exchange yesterday. Dixons shares rose 5p to 432p while Currys firmed 2p to 529.

Northern Foods in £24m sale

Northern Foods has agreed to sell the assets and business of Patrick Cudahy (Wisconsin) to Smithfield Foods of Arlington, Virginia, a company quoted on the New York stock exchange. Patrick Cudahy is a wholly-owned subsidiary of Prestige Foods Corporation (formerly Bluebird Inc).

The sale price, which is approximately $29m (£24m), is subject to the approval of certain U.S. governmental agencies.

Retail merger by Harris Queensway

Harris Queensway, the carpet and furniture group, plans to merge three of its retailing divisions. It is selling Bakers Household Stores (Leeds) and the Queensway home textiles division to Poundstretcher, a company in which it has a 75 per cent stake.

Harris is to sell Bakers to Poundstrecher for £6.3m. The home textiles division will be sold to a Harris subsidiary called Stockworld for a maximum of £650,000 depending on the asset value. Poundstretcher will then buy Stockworld for a nominal sum and assume the liability to pay for the assets.

In both transactions, the amount payable by Poundstretcher will remain as an outstanding loan from Harris to Poundstretcher. The merchandise sold by Poundstretcher, Bakers and the home textiles division overlap and they operate graphical areas.

East Lancs board will recommend BSI offer

BY ALEXANDER NICOLL

MR BRYAN MORRALL'S British Syphon Industries yesterday won the recommendation of the board of East Lancashire Paper Group to its three times increased £5.45m offer.

The only change in the terms of BSI's bid was that East Lancs shareholders will receive a planned 3.5p dividend instead of the 1.75p final dividend offered by BSI shareholders taking its shares.

Under the agreement between the two companies, Mr Christopher Shaw will move from running BSI's main subsidiary, which makes drinks dispensing equipment in Sheffield, to be executive chairman of the papermaking and merchanting group.

With the board's 2.3 per cent now committed to the BSI offer, BSI commands 37.9 per cent of East Lancs, holding 24.8 per cent and with acceptances of 10.8 per cent. The largest outside stake is held by Mr Ian Wasserman's G. M. Firth, which has built up a 13.3 per cent stake since BSI first bid for East Lancs.

BSI is offering a six-for-five share exchange or 100p per East Lancs share in cash with a loan note alternative. East Lancs shares closed yesterday at 101p, unchanged, and BSI ended at 85p, up 1p. The offer closes on December 28.

Courtaulds sells back 31% stake in Early's

Courtaulds, the textile group, yesterday kept to a 20-year old promise when it sold its 30.6 per cent stake in Early's of Witney, the blanket and carpet maker, back to the directors who held office in 1964.

The directors, only two of whom *still* sit on the Early's board, paid 60p a share or a total of £1.08m for the 1.79m shares. They immediately placed nearly all of them, amounting to 29.9 per cent of the group's equity, with Clayhithe, an unquoted investment company.

Early's shares rose 8p to 53p yesterday.

Under an arrangement reached in 1964 between Courtaulds, Mr Richard Early and the other directors of Early's, those directors had a right of first refusal over the shares should Courtaulds ever decide to sell.

Courtaulds has cut back sharply over the past five years under the chairmanship of Mr Christopher Hogg.

The two Courtaulds representatives on the Early's board, Mr N. Wooding and Mr P. Hendrick will resign.

Dunlop calls halt to dealings

Shares in Dunlop Holdings were yesterday suspended temporarily at 25p, down 1p, while the group said, "arrangements for a financial reconstruction are being formulated."

The recently installed chairman and chief executive, Sir Michael Edwardes, intends to write to shareholders in the near future. And it is now considered likely that the group, its advisers, leading shareholders and its many bankers will be able to agree the final details of the long awaited re-structuring before Christmas.

If that target cannot be met, and al sides have emphasised the complexity of injecting an estimated £260m of new capital into the group in various forms, it is expected that the fall back date will be no later than early January.

The suspension has been requested to eliminate the risk of a false market developing in Dunlop shares as the draft re-financing proposals pass into an ever-widening number of hands.

Beazer's claims under fire

Bath and Portland Group yesterday fired its own criticisms of the earnings record CH Beazer (Holdings) has presented in its formal documents in pursuit of its £48m bid for Bath.

Countering the bidder's assertion that its own earnings have climbed over 30 0per cent in the last five years, Bath pointed out that Beazer's record on an actual tax basis "shows only 22 per cent growth over the period." This, Bath said, represented an average compound growth of only some 5 per cent, and "when adjusted for inflation over the period, Beazer's earnings per share have actually decreased."

Despite a 5p fall to 263p yesterday, Bath is standing at a discernable premium to the current 242p per share value of Beazer's cash and equity terms.

Stock Conversion

Stock Conversion and Investment Trust, a property investment, development and dealing group, has completed the purchase of the White City Stadium for £1.7m.

Demolition of the stadium on the 17-acre site on the A40 is due to be finished early next year.

Cartier outlines plans for Cullen's

MR LEW CARTIER, who has the highest offer on the table for the Cullen's Stores group, yesterday posted his formal offer document containing further details of his plans to return the loss-making chain to profitability.

Under his plan, about 30 of the 95 stores would be immediately closed. The 10 supermarkets in the group would be used as the base for a chain in the south of England. The remainder would be used as the base of chain of off-licences, which would be expanded with the addition of more wine case cash-and-carry stores.

The former Imperial group executives, led by Mr Peter Matthews, plans to convert Cullen's into a chain of convenience stores.

Bristol Oil

Bristol Oil and Minerals has acquired a 51 per cent interest in Mainline Resources O.S., which has a contract with Pertamina (the Indonesian state oil company) to enhance recovery of oil from the Bunyu Island field, off east Kalimantan, Indonesia. Peak production from the field has been up to 10,500 barrels per day and is currently running at around 3,800 bpd.

Corah

The offer by Corah for Reliance Industrial Holdings has been declared unconditional in all respects. All the conditions of the offer have either been satisfied or have been waived by Corah.

Acceptances have been received in respect of 6.58m Reliance ordinary shares (83.84 per cent). This includes acceptances of the separate cash offer made in relation to 121,284 Reliance ordinary shares (1.54 per cent). In accordance with its terms, the cash offer closed on December 4.

MINING NEWS

Amax secures £289m potash venture in Thailand

Amax, the U.S. diversified natural resources group, has reached agreement with the Thai Government for a $350m (£289m) potash exploration and production venture in north-east Thailand, reports Boonsong K'Thana from Bangkok.

The 25-year concession agreement has been finalised after four years of negotiation. It involves the formation of an operating company, Khorat Potash, which will be jointly owned by Amax (50 per cent), Siam Cement, one of Thailand's largest industrial companies (40 per cent) and the Thai Government (10 per cent).

Two other similar agreements have been signed with the Thai Ministry in the last few months. They are the consortium of Duval Corporation of the U.S., Australia's CRA and Siam and the partnership of the U.S. Agrico Chemical with the Metro company of Thailand. In each case the Thai Government has been given a 10 per cent interest in the concessions.

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Decision time for London gold futures, Page 40

WALL STREET

Economic doubts dominate

RENEWED DOUBTS over the pace of the U.S. economy put a halt to Wall Street's attempted rally yesterday and stock prices headed sharply lower again, *writes Terry Byland in New York.*

There was increased selling of leading industrials while in the oil sector the bid move by Mr T. Boone Pickens against Phillips Petroleum spurred heavy trading in the issues.

The Dow Jones industrial average closed down 13.58 at 1,171.49.

Losses in IBM and motor stocks drove the Dow average down through its nearest support levels once more. Treasury bonds were unable to sustain early gains, despite a lower federal funds rate.

Federal Reserve actions in the market were neutral, consisting of overnight matched sales to drain away a temporary surplus of reserves on the last day of the reserve period – funds were trading at 8¼ per cent – and a semi-permanent addition to reserves by purchasing Treasury bills.

The debate over to what extent the U.S. economy is slowing was re-ignited by the unexpectedly sharp dip in car sales in the latter part of November, and by uninspiring reports on Christmas sales at New York stores.

Ms Martha Seger, the recent Reagan appointee as governor of the Federal Reserve Board, said in Washington that the Fed had "accommodated tendencies towards lower interest rates," and projected a rebound in the economy as lower rates boosted the housing and consumer durable sectors.

Brokerage analysts were puzzled rather than alarmed by the sudden reversal in the trend of car sales. The market, however, took cover, with General Motors down $1⅛ to $74¾ on light, nervous selling. At $43⅜, Ford gave up $⅝ on similar considerations.

Mr Pickens's offer to pay $60 a share for a 9.7 per cent stake in Phillips – he said he wanted ultimately to acquire "most or all" of the company – arrived after market hours on Tuesday. After a delayed start, the stock reopened yesterday at $55¾, with a block of 1.1m shares immediately put through at that price.

Later, Phillips traded at $54⅞, a net $6⅛ higher and by midsession, nearly 3m Phillips shares had traded as the speculators and arbitrageurs dug in for a battle. Mr Pickens wants at least 15m of the oil company's stock.

Mesa Petroleum, the leading member of the bidding partnership, jumped $1⅛ to $21⅛ with 1.3m shares changing hands. Put options were sold on both Mesa and Phillips by investors protecting themselves against withdrawal of the bid.

The excitement spilled over to other speculative oil stocks, which often fell on disappointment that they were not – this time – the target of Mr Pickens's affections. Mobil shed $1 to $27⅛ with 1m shares traded. Nearly 2m shares traded in Unocal, another bid favourite, although the price held unchanged at $39. By midsession, more than $330m worth of stock had traded in Phillips, Mesa and those oil stocks associated with the bid frenzy.

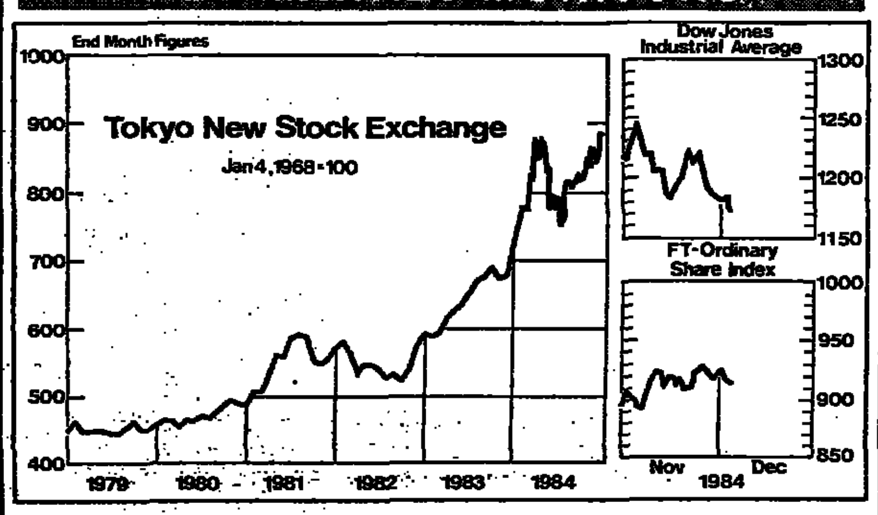
On the plus side, Kerr-McGee bounded ahead by $1⅞ to $28⅞ as speculators spotlighted a likely bid target in an expected defensive ploy by Phillips.

Industrial stocks looked badly depressed. IBM fell $1⅛ to $119. As further details arrived of the serious accident at its plant in India, Union Carbide plunged a further $2 to $43⅞ with more than 1.7m shares traded.

Suggestions that Mr Irwin Jacobs, a noted Wall Street entrepreneur, was buying ITT sent the stock soaring $2⅛ to $29⅝, as more than 2m shares changed hands. Mr Jacobs refused comment but liquidation of the battered multinational group has also been aired in the market as a possibility.

The bond market gave up an early improvement to stand little changed from overnight. Short-term rates also remained barely changed despite gyrations in the federal funds rate.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 5	Previous	Year ago
DJ Industrials	1,171.49	1,185.07	1,270.53
DJ Transport	522.92*	526.79	605.38
DJ Utilities	144.85*	144.90	134.30
S&P Composite	162.52*	163.38	165.77
LONDON			
FT Ord	914.9	917.5	753.6
FT-SE 100	1,182.9	1,183.8	984.1
FT-A All-share	567.87	568.82	463.59
FT-A 500	621.43	621.72	495.16
FT Gold mines	555.8	556.7	580.8
FT-A Long gilt	10.04	10.05	10.21
TOKYO			
Nikkei-Dow	11,543.19	11,557.44	9,445.13
Tokyo SE	882.40	884.26	698.81
AUSTRALIA			
All Ord.	737.5	737.7	737.7
Metals & Mins.	432.7	432.6	548.8
AUSTRIA			
Credit Aktien	58.53	58.19	54.48
BELGIUM			
Belgian SE	158.52	157.96	129.18
CANADA			
Toronto			
Metals & Minls	1,874.0*	1,884.87	2,499.0
Composite	2,362.7*	2,368.62	2,506.7
Montreal			
Portfolio	117.19*	117.51	124.83
DENMARK			
Copenhagen SE	165.87	166.53	198.43
FRANCE			
CAC Gen	182.5	181.6	149.9
Ind. Tendance	121.7	120.9	95.6
WEST GERMANY			
FAZ-Aktien	377.32	377.44	346.27
Commerzbank	1,102.8	1,102.7	1,026.8
HONG KONG			
Hang Seng	1,136.08	1,125.40	855.74
ITALY			
Banca Comm.	213.70	214.25	190.02
NETHERLANDS			
ANP-CBS Gen	178.9	179.0	147.1
ANP-CBS Ind	141.7	141.3	118.7
NORWAY			
Oslo SE	279.57	279.30	207.37
SINGAPORE			
Straits Times	815.59	808.49	926.98
SOUTH AFRICA			
Golds	1,046.0	1,056.5	853.9
Industrials	963.2	967.2	906.8
SPAIN			
Madrid SE	139.73	140.45	124.95
SWEDEN			
J & P	1,362.20	1,352.16	1,526.83
SWITZERLAND			
Swiss Bank Ind	383.5	380.6	372.8
WORLD	Dec 4	Prev	Year ago
Capital Int'l	184.4	183.4	181.5

GOLD (per ounce)

	Dec 5	Prev
London	$330.75	$332.00
Zürich	$330.75	$331.85
Paris (fixing)	$331.32	$331.72
Luxembourg (fixing)	$330.60	$331.30
New York (Dec)	$330.10	$329.80

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Dec 5	U.S. DOLLAR Previous	STERLING Dec 5	STERLING Previous
$	–	–	1.208	1.2095
DM	3.0785	3.059	3.72	3.7
Yen	246.75	246.4	298.25	298.0
FFr	9.42	9.37	11.39	11.3325
SwFr	2.545	2.5325	3.08	3.0625
Guilder	3.476	3.46	4.2025	4.185
Lira	1,896.5	1,891.5	2,293.0	2,288.0
BFr	61.85	61.55	74.75	74.45
C$	1.32195	1.32205	1.59945	1.5965

INTEREST RATES

Euro-currencies (3-month offered rate)	Dec 5	Prev
£	9¾	9 13/16
SwFr	5	5 1/16
DM	5 11/16	5¾
FFr	11 1/16	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅜	9⅜
6-month U.S.$	9¼	9¼
U.S. Fed Funds	8⅛*	8½
U.S. 3-month CDs	8.80*	8.95
U.S. 3-month T-bills	8.45*	8.46

U.S BONDS

Treasury	Dec 5* Price	Dec 5* Yield	Prev Price	Prev Yield
10⅜ 1986	99 31/32	10.40	99 31/32	10.40
12⅜ 1991	103 29/32	11.40	103 23/32	11.44
11⅝ 1994	100 25/32	11.49	100 20/32	11.52
11¾ 2014	102	11.50	101 25/32	11.52
Corporate	**Dec 5* Price**	**Dec 5* Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	95¾	12.45	95¾	12.45
3⅞ July 1990	73⅞	10.15	73⅞	10.15
8¾ May 2000	77¼	12.05	77¼	12.05
Xerox				
10⅞ March 1993	93⅞	11.85	93⅝	11.85
Diamond Shamrock				
10⅜ May 1993	92½	12.05	92½	12.05
Federated Dept Stores				
10⅜ May 2013	90	11.85	90	11.85
Abbot Lab				
11.80 Feb 2013	97¼	12.15	97¼	12.15
Alcoa				
12¼ Dec 2012	99¼	12.35	99¼	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	72-03	72-15	72-01	72-02
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	91.57	91.62	91.56	91.59
Certificates of Deposit (IMM) $1m points of 100%				
Dec	91.03	91.09	91.02	91.05
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	90.72	90.76	90.71	90.66
20-year Notional Gilt £50,000 32nds of 100%				
Dec	109-31	109-13	109-30	110-03

COMMODITIES

(London)	Dec 5	Prev
Silver (spot fixing)	585.25p	588.25p
Copper (cash)	£1,095.50	£1,098.50
Coffee (Jan)	£2,311.50	£2,333.00
Oil (spot Arabian Light)	$27.775	$27.725

LONDON

Excitement quick to evaporate

ONLY FAINT traces were evident in London yesterday of the excitement and activity aroused by the British Telecom issue, with equities appearing dull but gilts managing to offer some appeal. The FT Ordinary share index closed 2.6 down at 914.9.

Wall Street's tentative overnight recovery was ignored and investors had to wait until GEC started a 40m share buy-in before the session offered a noteworthy feature.

The prospect that institutions would re-invest proceeds from GEC disposals in BT caused a short-lived fillip in the latter which eventually closed 2p off at 89p. GEC rose to 232p before finishing 5p up at 230p.

Gilts were dominated by index-linked issues which gained ½ while conventional longs slipped in after-hours trading to close only fractionally better.

Chief price changes, page 34; Details, Page 35; Share information service, Pages 36-37

AUSTRALIA

MODEST EARLY gains were reversed as Sydney investors took to the sidelines in mostly lacklustre trading, taking the All Ordinaries index down 0.2 to 737.5.

Banks displayed a measure of strength with National Australia 2 cents up at A$3.42 ex-dividend, Westpac 1 cent higher at A$3.88 and ANZ steady at A$5.18.

Property group Hooker, subject of more takeover speculation, gained 6 cents to A$1.75 while News Corporation rose the same amount to A$9.36. In mixed oils Bridge advanced 8 cents to A$2.38 as Ampol Exploration and Hartogen fell 5 cents each to A$2.55 and A$2.45 respectively.

HONG KONG

INSTITUTIONAL buyers injected fresh impetus to Hong Kong's half-day midweek session, buoying the Hang Seng index 10.68 up to 1,136.08.

Blue chips were sought after as hopes of a year-end rally increased. Hutchison Whampoa scored a 30-cent gain to HK$16.20, a new high for the year while Jardine Matheson was steady at HK$8.55. Hang Seng Bank made further progress with a 25-cent rise to HK$41 as media stock TV-B hovered near its 1984 peak with a 5-cent gain to HK$4.90.

Weakness was displayed by Evergo, 5 cents cheaper at HK$1.41, and Overseas Trust Bank, also 5 cents off at HK$2.50.

SINGAPORE

SUSTAINED buying support and covering interest in moderate Singapore trading boosted the Straits Times industrial index 7.10 to 815.59.

Faber Merlin, the most active, benefited by a 7-cent gain to S$1.35, while Promet rose 3 cents to S$2.02 in active trading. Highland and Lowland was also sought after, gaining 5 cents to S$2.54.

OCBC made a 15-cent advance to S$9.10 and Hong Leong Finance recovered all of the previous sessions losses with a 10-cent rise to S$3.06.

SOUTH AFRICA

AN INDECISIVE bullion price suppressed interest in Johannesburg gold shares. As investors took to the sidelines, prices tumbled with a spill-over into other sectors.

Anglo American Corporation lost 20 cents to R24 following its mine reorganisation plan while Free State Geduld, one of the mines earmarked in the plan, shed R1 to R52.

Industrial leader Barlow Rand was unchanged at R11.50

CANADA

A BROAD retreat was experienced by Toronto as small initial gains were surrendered in the major sectors.

Montreal moved lower in sympathy although some of the declines were less acute.

TOKYO

Bulls find a happy vengeance

JAPANESE share prices faltered yesterday after the rally which took the Nikkei-Dow market average to four successive record closing highs between Saturday and Tuesday, *writes Robert Cottrell in Tokyo.*

Early buyers pushed the index up a further 33.88 by 10am, though the late morning and afternoon left it 34.25 lower on the day at 11,543.19.

A strong year-end upturn is a traditional feature of the Japanese stock market – less for reasons of festive sentiment than because the country's workers are now receiving the second of their two yearly bonuses, equal to perhaps three months' salary, and the seasonal rally has become a self-fulfilling expectation.

The historic highs of the past few days, however, have also about them an air of happy vengeance, with investors regaining the profits snatched away from them when the market plunged down from its previous high of 11,190.17 on May 4 to a year's low of 9,703.35 on July 23.

The market has clawed its way out of its summer trough, but this week's peaks have been scaled amid very different sentiment from that prevailing in the spring.

May 4 was the climax of a preceding 20-month bull market based on orthodox fundamentals of export-led national economic recovery feeding through into higher corporate profits. The highs of this week have been speculative, technical affairs, in which the major fundamental has been uncertainty about the future performance of the U.S. economy, on which the health of Japan's exporters primarily depends.

It is easier now to find reasons to feel hesitant about Japanese equities. Domestic economic growth is likely to be slower next year than this. Most forecasters say Japan's economy will grow by about 4 per cent in real terms in the 1985-86 fiscal year, compared with 5.3 per cent for the current one. Export growth has been slowing from the "boom" which was strongest in the last quarter of 1983 and the first half of 1984.

For corporate profits, Nomura Research Institute forecasts half-on-half growth of 12.8 per cent and 0.2 per cent in the six-month periods to March and September 1985, compared with 27.8 per cent and 6.2 per cent in the corresponding periods of 1984.

Sales growth of video cassette recorders (VCRs), Japan's biggest-selling consumer electrical product, is widely expected to slow through 1985 to a near standstill in value terms in 1986. Semiconductor industry shortages have given way to at best equilibrium and perhaps oversupply. Drug companies with rumoured or actual new technologies have already been ramped up to astronomic highs.

For some sectors, the outlook is still bright. The plateau in VCRs is counterpointed by rising demand for disc-format laser-read storage devices, such as compact disc audio players and video-disc players.

Demand for office and industrial automation equipment is in general stronger than that for consumer electronic products, and is likely to remain so. Japan's public and private sectors are investing massively in new-generation telecommunications systems, using optical fibre and satellite technologies.

Service industries in general are expected to profit from official deregulation. Telecommunications is one example, where the state monopoly, Nippon Telegraph and Telephone, is likely to have its power curtailed and at least a minority of its shares sold to the public under legislation due to take effect next year.

Among financial institutions, Japan's larger "city" banks look most likely to profit from the current phase of deregulation of the country's financial markets, which will favour institutions with the best international connections and already-developed skills in asset management.

Shares in the city banks, strong throughout the year, have been a major focus of activity in the current market rally, with prices rising sharply after the Tokyo Stock Exchange's announcement last Wednesday that nine of the banks would become eligible for margin trading with effect from December 10.

Sumitomo Bank, the most profitable city bank, closed unchanged yesterday at Y1,570, more than triple its Y500 low for the year.

The Tokyo stock market has been particularly kind to overseas investors over the past two years, offering them a well supported bull phase, and a currency which has resisted better than most the depredations of the dollar. To sustain its strength into 1985, it may need both a "soft landing" for the U.S. economy, and more aggressive consumer spending at home.

Even then it may prove, as it has in the past week, a less comprehensible beast for foreigners, no longer export-driven, but moved proportionately still more by special situations, esoteric technological breakthroughs, capricious "themes," rumours and technicalities.

Shigeo Nishiwaki of Jiji Press adds: The decline in the Nikkei-Dow average yesterday was the first in eight trading days. Volume totalled 855.31m shares compared with 649.02m on the previous day. Losses outpaced gains 391 to 339, however, with 148 issues unchanged.

The market got off to a fast start with buying centring on large-capital stocks. Investors became increasingly concerned, however, about the recent rapid upward trend, which touched off profit-taking focused on fore-running issues. Interest shifted from high-priced stocks and incentive-backed issues to recently neglected large-capital stocks.

Mitsubishi Heavy Industries was the second most active with 26.69m shares changing hands, rising Y4 to Y250. Nippon Steel, the eighth with 11.92m shares, added Y3 to Y150, Toshiba put on Y11 to Y430 and Mitsubishi Electric Y10 to Y414.

Asahi Chemical was again the busiest with 37.99m shares traced. It advanced Y14 at one point, but closed Y5 lower at Y681.

Among opto-electronics issues, which have been to the fore in recent days, Ushio lost Y30 to Y1,290 and Nippon Sheet Glass Y26 to Y763.

Toyojozo, a biotechnology issue, scored a daily limit gain of Y105 to Y1,100, bolstered by the development of an anti-cancer agent. Toyama Chemical also registered a maximum daily allowable rise of Y100 to Y828. Many biotechnology issues lost ground, however.

Mochida Pharmaceutical came under heavy selling pressure, suffering a daily limit loss of Y500 to Y10,870. The Tokyo Stock Exchange yesterday sought further information from Mochida on its involvement in sales of another anti-cancer agent, jointly developed by Hayashibara Biochemical Industries and Okayama University.

Selling dampened financial issues, with Mitsubishi Bank falling Y40 to Y1,200 and Sumitomo Marine and Fire Y12 to Y654. Nomura Securities jumped Y28 to Y850, however.

Nippon Yusen gained Y9 to Y257, favoured in a price comparison with Iino Kaiun.

Bond prices firmed slightly in response to the yen's minor rally against the U.S. dollar. The yield on the benchmark 7.3 per cent government bonds, maturing in December 1993, declined from Tuesday's 6.565 per cent to a record low of 6.545 per cent.

EUROPE

Divergent trends develop

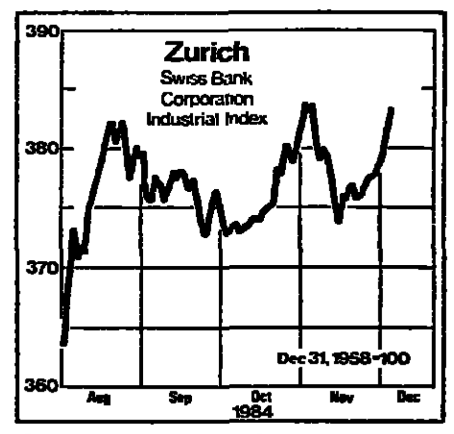
DIVERGENT trends emerged among the European bourses yesterday as Swiss, French and Swedish shares forged ahead but a shift towards consolidation was evident elsewhere, particularly in the West German and Dutch markets which have seen a marked appreciation in values since the start of the month.

A firm **Frankfurt** opening could not be sustained for long, and although the midsession calculation of the Commerzbank index was 0.1 up at an all-time record 1,102.8, buying was even then dying away and the close left most leading issues weaker.

A batch of healthy economic statistics for gross national product and industry orders failed to provide any impetus, and attention was diverted to a series of corporate announcements which came in through the day.

Deutsche Bank at DM 382.80 reacted DM 2.20 downward to news of its flat profits; Metallgesellschaft was boosted DM 3 to DM 218 by its improving earnings and the prospect of a dividend in the current year. Lufthansa picked up DM 1.50 to DM 178 amid its moves into the car hire and hotel businesses.

AEG, which had long languished around DM 90 before its autumn excursion to a year's peak of DM 115.70, continued a drift back to double figures with a DM 1.90 fall at DM 103.20.



Domestic bonds gained up to 55 basis points, with overseas buyers in evidence and a shortage of paper.

Solid gains were established in **Zurich**, where the Swiss Bank Corporation industrial index added 2.9 to 383.5 and all sectors joined in except electricals. Oerlikon-Bührle rose SwFr 40 to SwFr 1,335 while advances of SwFr 25 apiece took Crédit Suisse to SwFr 2,325, Jacobs Suchard to SwFr 6,175 and Sandoz to SwFr 7,275. Domestic bonds held steady.

A dip in call money aided **Paris**, although there too electricals lagged – possibly suffering from a switching of funds into British Telecom. Among the best rises were FFr 68 for Matra at FFr 1,698 and FFr 35 in Sanofi on FFr 595, but declines against the trend were evident in Damart, off FFr 59 at FFr 2,340, and Roussel Uclaf, down FFr 34 to FFr 1,605.

Buying of blue chips continued to take **Stockholm** higher, with volume leader AGA up SKr 2 to SKr 347 but gains extending to SKr 8 in MoDo at SKr 260.

Celebrations ahead of St Nicholas Day contributed to a sharp fall-off in **Amsterdam** business and a mixed to lower outcome. AmRo Bank shed Fl 1.20 to Fl 63.60 and Elsevier Fl 2.70 to Fl 112.80.

Dull **Milan** dealings took Generali a further L100 lower to L30,900, while Treasury paper was somewhat better supported. **Brussels** moved cautiously upward, taking Société Générale BFr 20 higher at BFr 1,800

Electrical utilities led a **Madrid** retreat.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.6	16	162	19¼	18	18⅞	
30½	9⅛	AGS			8	91	11	10⅜	10¾	+ ½
22	13½	AMCA	1	7.0		1	14½	14½	14½	
17⅞	13⅛	AMF	.50	3.3	83	204	15⅛	14⅞	15	
41¼	24¾	AMR			5	2986	34	33¼	33⅝	− ⅝
20⅜	18¾	AMR	pf2.18	11		8	19⅝	19½	19⅝	
41½	27½	AMR	pf2.13	6.2		465	34⅝	34¼	34¼	− ½
23	19	ANR	pf2.12	11		191	19½	19¼	19½	+ ¼
15¾	8½	APL			3	24	10¼	9⅝	9⅝	− ½
71¼	40¾	ARA	2.10	3.0	14	236	71⅛	71⅛	71⅛	
69¾	44¾	ASA	3	5.6		437	54⅜	54	54	− ⅞
30⅛	16½	AVX	.32	1.8	11	278	18⅜	18	18⅛	− ⅜
48¾	35¾	AbtLab	1.20	3.0	12	3034	40	39⅛	39⅝	− ⅝
23⅞	16½	AccoWd	s.44	2.2	17	635	20¼	20	20	− ½
27¼	12½	AcmeC	.40	3.0		51	13¼	12⅞	13⅛	− ¼
18¾	15	AdaEx	2.11e	13		68	16¼	16	16⅛	
16⅞	11⅞	AdmMl	.32	2.2	7	5	14⅝	14½	14⅝	− ⅛
21¾	11¼	AdvSys	.81t	6.5	12	63	12⅝	12¼	12½	+ ½
41⅛	25⅛	AMD			12	4347	28½	27¾	28⅛	− ⅜
14⅛	6¾	Advest	.12	1.5		47	8	7⅞	8	+ ¼
18¾	8¾	Aerflex			10	70	10⅝	10⅜	10⅝	+ ⅛
39	27¼	AetnLf	2.64	7.5	29	3720	35¼	34⅞	35	+ ⅛
58¾	52⅜	AetL	pf4.40e	7.9		72	55¾	55½	55¾	+ ¼
34½	15¾	Ahmns	1.20	5.1	11	127	24	23½	23¾	+ ¼
5½	2⅞	Aileen				128	3⅛	3	3	− ⅛
48⅞	36½	AirPrd	1.20	2.7	10	891	45½	44½	45¼	+ ⅜
30½	13	AirbFrt	.60	3.2	10	47	19⅜	18¾	18⅞	− ⅜
4¼	1⅞	AlaMoa	.3e	7.7		35	4	3⅞	3⅞	− ⅛
31	26¾	AlaP	pfA3.92	13.		5	29½	29¼	29½	
7⅛	6	AlaP	dpf.87	13		22	7	6⅞	6⅞	
71	61½	AlaP	pf 9	13.		z720	68¼	68¼	68¼	+ ¼

Continued on Page 33

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

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12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32¾	24½	WiscPS	2.56	6.2	7	89	31½	31	31½	+½
39½	27⅞	Witco	1.48	4.6	7	237	32¼	31⅞	32	−¼
17⅞	9½	WolvrW	.48	4.7	14	141	10¼	10⅛	10⅛	−⅛
27½	18⅝	WoodPt	.72	3.4	15	188	21½	21⅛	21⅛	−⅛
38⅞	29⅝	Wolwth	1.80	5.0	9	340	36½	35⅝	36⅛	−¼
54¼	42½	Wolw	pf2.20	4.3		1	51	51	51	−¼
5¼	2¼	WrldAr				69	2½	2⅜	2⅜	−⅛
60	45	Wrigly	1.80a	3.2	10	28	57	55¼	55¼	−1⅝
6⅝	3½	WurlLr				1	3½	3½	3½	−⅛
25⅛	10¼	WyleLb	.32	2.5	8	120	12⅝	12½	12⅝	−⅛
20½	16½	Wynns	.60	3.4	7	17	18	17¾	17¾	−½
X-Y-Z										
52⅞	33¾	Xerox	3	8.3	11	1308	36½	35¼	36⅛	−¼
50½	45¼	Xerox	pf5.45	11		67	49¼	48¼	48¼	−½
36¼	19	XTRA		3.0	8	113	22	21	21	−1
33	24	ZaleCp	1.32	4.7	9	13	29½	28	28⅛	−¼
24⅞	15¼	Zapata	.84	5.2	13	1313	16½	16¼	16⅛	−⅛
49	28⅛	Zayre	.40b	.9	12	408	44⅛	43¼	43¼	
38⅞	20	ZenithE			7	1015	21⅞	20⅞	21¼	−⅝
27⅞	18	Zero	.40	1.9	16	49	21¼	21	21	−¼
34	21⅛	Zurnin	1.32	5.1	11	188	26	25½	25⅞	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Dec. 5	Price Schs	+ or —
Creditanstalt	224	...
Goesser	332	+2
Interunfall	394	...
Laenderbank	225	—1
Perlmooser	358	—4
Steyr-Daimler	162	—5
Veitscher Mag.	244	—3

BELGIUM/LUXEMBOURG

Dec. 5	Price Frs.	+ or —
B.B.L.	1,845	—5
Banq. Int. A. Lux	5,500	...
Bekaert B.	4,350	—45
Ciment CBR	2,535	+25
Cockerill	282	—1
Delhaize	5,700	—10
EBES	2,870	—15
Electrobel	8,600	—10
Fabrique Nat	2,095	...
GB Inno BM	3,180	—80
GBL (Brux)	2,075	—5
Gevaert	3,585	...
Hoboken	6,100	+60
Intercom	2,205	—15
Kredietbank	7,490	...
Pan Hldgs.	9,900	...
Petrofina	7,130	—30
Royale Belge	10,200	+100
Soc. Gen. Banq.	3,295	—5
Soc. Gen. Belge.	1,800	+20
Sofina	7,610	—10
Solvay	4,200	—60
Stanwick Intl.	1,430	...
[illegible]actionel	3,910	—5
[illegible]CB.	5,100	...
[illegible]agon Lits	2,445	—45

DENMARK

Dec. 5	Price Knr %	+ or —
Andelsbanken	273	+6
Baltic Skand	655	...
CopHandelsbank	277	+7
D. Sukkerfab	525	...
Danske Bank	277	—7
De Danske Luft.	1,000	—65
East Asiatic	160	—1
Forenede Brygg.	755	...
Forenede Damp.	99	...
GNT Hldg	378	—12
I.S.S.B.	395	—10
Jyske Bank	505	+11
Novo Ind.	1,370	—5
Privatbanken	244	+7
Provinsbanken	345	—7
Smidth (F)	224	—5
Sophus Berend	895	—5
Superfos	413	—5

FRANCE

Dec. 5	Price Frs.	+ or —
Emprunt 4½% 1975	1,645	—10
Emprunt 7% 1973	8,941	—24
Accor	243.8	—1.3
Air Liquide	567	+3
BIC	513	+7
Bongrain	1,788	—7
Bouygues	665	—8
BSN Gervais	2,525	—44
CIT-Alcatel	1,340	+10
Carrefour	1,820	+18
Club Mediter'n	1,052	—1
Cie Bancaire	585	—2
Cofimeg	244	+5.8
Damart	2,340	—59
Darty	1,197	+2
Dumez S.A.	638	+7
Eaux (Cie Gen)	556	+2
Elf-Aquitaine	228	+1
Essilor	2,880	+74
Gen. Occidentale	659	—8
Imetal	79.5	+1
Lafarge Coppee	376.5	—0.5
L'Oreal	2,315	+30
Legrand	1,917	+16
Maisons Phenix	186	—1
Matra S.A.	1,698	—68
Michelin B.	778	—3
Midi (Cie)	2,009	—10
Moet-Hennessy	1,820	...
Moulinex	92	—1.5
Nord Est	71	—0.2
Pernod Ricard	742	
Perrier	501	—1
Petroles Fra.	250	+9.5
Peugeot S.A.	235.6	—4.7
Printemp.Aus.	193.6	—3.4
Radiotech	246	—3
Redote	1,212	—27
Rousul-Uclaf	1,605	—34
Sefimeg	282.5	+4.5
SkisRossgnol	1,741	—4
Telemech Elect.	2,160	—20
Thomson CSF	389	—9
Valeo	261.5	—3.5

GERMANY

Dec. 5	Price Dm.	+ or —
AEG-Telef.	103.2	—1.9
Allianz Vers.	1,040	—2
BASF	177	..
Bayer	187.5	—0.3
Bayer-Hypo	327.5	—2
Bayer-Verein	334	+1
BHF-Bank	278	—2
BMW	374	—1.5
Brown Boveri	203	—0.5
Commerzbank	175.2	—1
Cont'l. Gummi	116.5	—1.3
Daimler-Benz	582.2	—5.8
Degussa	357	—2.5
D'sche Babcock	151.5	...
Deutsche Bank	382.8	—2.2
Dresdner Bank	189.5	—1.7
GHH	153	—0.5
Hochtief	473	+1
Hoechst	186.5	+0.1
Hoesch Werke	100	—0.5
Holzmann (P)	367	—3
Horten	184	—0.7
Hussel	291	...
Karstadt	251.7	—0.8
Kaufhof	233.1	—1.4
KHD	264	—2
Kloeckner	70.1	—1
Linde	379	—6.5
Lufthansa	178	—1.5
MAN	148	..
Mannesmann	145.5	—0.5
Mercedes Hld.	516.5	—2
Metallgesell	218	+3
Muench Rueck	1180	—30
Nixdorf	519	—1.3
Porsche	1014.5	—8.5
Preussag	255.2	—2.8
Rhein West Elect	163.5	—1
Rosenthal	250	+1
Schering	427	—2
Siemens	455.2	—1.8
Thyssen	79.2	—0.6
Varta	175	—2.5
Veba	170.9	—1.4
V.E.W.	123	...
Verein-West.	296	+1
Volkswagen	199.3	—2.9

ITALY

Dec. 5	Price Lira	+ or —
Banca Com'le.	14,900	...
Bastogi IRBS	119	—1
Centrale	2,130	—5
Credito Varesino	3,651	+1
Fiat	1,891	—2
Finsider	46.25	..
Generali Assicur.	30,900	—100
Invest	2,980	—5
Italcementi	64,000	...
La Rinascenti	499	...
Montedison	1,249	—7
Olivetti	5,930	—21
Pirelli Co.	3,348	—3
Pirelli Spa	1,765	—15
Snia BPD	2,025	+5
Toro Assic.	11,700	—50
do. Pref.	8,470	—35

NETHERLANDS

Dec. 5	Price Fls	+ or —
ACF Holding	187	—2
AEGON	139.5	+0.5
Ahold	179.5	—1.3
AKZO	95.9	—0.3
ABN	343.5	—1
AMEV	200.1	—0.7
AMRO	63.6	—1.2
Bredero Cert.	161	+6
Bos Kalis Westm.	13.6	—0.6
Buehrmann-Tet.	68.2	—0.1
Calland Hldgs.	31	+0.2
Dordtsche Pet'm	155	+1.3
Elsevier-NDU	112.8	—2.7
Fokker	79.5	—2
Gist Brocades	165.5	+0.5
Heineken	143	—1
Hoogovens	62.9	—0.5
Int Mueller	35.8	—0.1
KLM	42.4xc	...
Naarden	46.8	+0.3
Nat Ned Cert	242.5	—0.1
Ned M'd Bank	144.9	—0.1
Nedlloyd	164.5	—1.3
Oce Grinten	276.3	+0.3
Ommeren (Van)	27.1	—0.2
Pakhoed	66.5	+0.2
Philips	56.5	+0.2
Robeco	67.6	—0.1
Rodamco	135.7	—0.1
Rolinco	61.6	...
Rorento	42.8	—0.1
Royal Dutch	171	+1
Unilever	303	—0.5
VMF Stork	134.5	+0.5
VNU	197	—0.8
West Utr Bank	124.4	—1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Dec. 5	Price Kroner	+ or —
Bergens Bank	160	...
Borregaard	304	—1
Christiania Bank	155	—1
DenNorske Cred	154	—5
Elkem	117	...
Kvaerner	170	+2.5
Norsk Data	372.5	—5.5
Norsk Hydro.	108.5xa	+1
Storebrand	197.5	...

SPAIN

Dec. 5	Price Pta%	+ or —
Bco Bilbao	509	—1
Bco Central	313	—5
Bco Exterior	200	...
Bco Hispano	202	—5
Bco Popular	360	...
Bco Santander	324	—1
Dragados	157	
Hidrola	73.7	—0.5
Iberduero	81.7	+0.2
Petroleos	156.2	—0.6
Telefonica	92.2	+0.2

SWEDEN

Dec 5	Price Kronor	+ or —
AGA	347	+2
Alfa-Laval	195	+1
ASEA (Free)	340	—15
Astra (Free)	325	+5
Atlas Copco	96	—1.5
Cardo (Free)	233	—7
Cellulosa	120	...
Electrolux B	239	—4
Ericsson	261	—4
Esselte	275	+5
Mo Och Domsjo	260	+8
Pharmacia	191	+3
Saab Scania Free	460	...
Sandvik	333	...
Skandia	317	+3
Skan Enski'da	55.5	...
SKF	168	+1
St Kopparbergs.	160	+1
Sven Handlesbn.	188	...
Swedish Match	250	+1
Volvo B (Free)	226	+6

SWITZERLAND

Dec. 5	Price Frs.	+ or —
Alusuisse	748	—2
Bank Leu	3,800	+25
Brown Boveri	1,365	+20
Ciba Geigy	2,520	+20
do. (Part Certs)	2,045	+65
Credit Suisse	2,325	+25
Elektrowatt	2,510	+10
Fischer (Geo.)	615	+3
Hoff-RochePtCts	88,250	+250
Hoff-Roche 1:10.	8,850	+50
Jacobs Suchard.	6,175	+25
Jelmoli	1,910	+10
Landis & Gyr	1,495	+15
Nestle	5,370	+10
Oer-Buehrle	1,335	+40
Pirelli	252	+2
Sandoz (Br)	7,275	+25
Sandoz (PtCts)	1,140	+8
Schindler (PtCts)	630	...
Sika	1,040	+5
Surveillance	3,695	—15
Swissair	1,025	...
Swiss Bank	358	+2
Swiss Reinsce	7,850	...
Swiss Volksbk	1,475	+15
Union Bank	3,560	+20
Winterthur	3,290	+10
Zurich Ins.	17,925	+25

AUSTRALIA

Dec. 5	Price Aust $.	+ or —
ANZ Group	5.18	...
Alliance Oil Dev.	1.05	...
Ampol Pet.	1.8	+0.02
Ashton	0.86	...
Aust Cons Ind.	1.8	...
Aust. Guarantee.	2.9	...
Aust. Nat. Inds	2.4	...
Aust. Paper	2.16	+0.01
Bell Group	5.6	...
Bell Res.	4.6	—0.1
Bond Corp Hldgs	1.17	+0.02
Boral	3.13	+0.03
Bougainville	1.68	...
Brambles Inds.	3.45	...
Bridge Oil	2.38	+0.08
B.H. Prop.	5.12	...
CR*	5.02	+0.02
CSR	2.88	+0.01
Carlton Utd.	4.30	...
Castlemaine Tys.	4.38	...
Coles (C.J.)	3.98	...
Comalco "A"	2.26	—0.01
Consolidated Pet	0.56	—0.02
Costain Aust	1.4	...
Dunlop Aust.	1.8g	+0.01
Elders IXL	3.3xc	...
Energ Res.	1.45	—0.01

AUSTRALIA (continued)

Dec. 5	Price Aust. $	+ or —
Gen Prop Trust	2.2	—0.04
Hardie (James)	3.02	—0.06
Hartogen Energy	2.45	—0.05
Herald W'yTimes	3.48	..
ICI Aust.	2.04	—0.04
Jimberlana F.P.	0.38	—0.05
Kia Ora Gold	0.13	—0.01
Lend Lease	5.4	—0.1
MIM	2.5	—0.02
Mayne Nickless	3.05	..
Myer Emporium	1.66	..
Nat. Aust. Bank	3.42xd	—0.02
News	9.36	+0.06
Nicholas Kiwi	6.1	...
North Bkn Hill	2.14	—0.02
Oakbridge	0.61	—0.01
Pancont'l	1.1	..
Pioneer Conc.	1.56	—0.01
Poseidon	3.2	..
Queensland Coal	1.14	...
Reckitt & Coln	3.05	...
Repco	1.17	—0.01
Santos	5.96	—0.4
Smith (Howard)	3.4	—0.02
Thos. Natwide	1.69	—0.03
Tooth	5.8	...
Vamgas	3.4	..
Western Mining	3.04	—0.01
Westpac Bank	3.85	+0.01
Woodside Petrol.	1.03	—0.01
Woolworths	2.56	—0.04
Wormald Intl	3.03	+0.01

HONG KONG

Dec. 5	Price H.K.$	+ or —
Bank East Asia	22.9	+0.1
Cheung Kong	9.1	+0.05
China Light	11.9xa	..
Evergo	1.41	—0.05
Hang Seng Bank	41	+0.25
HK Electric	6.4	—0.05
HK Kowloon Wh.	4.72	—0.04
HK Land	3.7	..
HK Shanghai Bk.	7.5	+0.1
HK Telephone	48.25	..
Hutchison Wpa.	16.2	+0.5
Jardine Math.	8.55	..
New World Dev.	4.52	+0.02
Orient O'seas	2.8	—0.05
Oseas Trust Bk.	2.5	—0.05
SHK Props.	7.55	+0.05
Shell Elect.	1.7	+0.05
Swire Pac A.	20.4	+0.1
TV—B	4.9	—0.05
Wheel'k Mard A.	3.75	—0.05
Wheel'k M'time	1.46	..
World Int. Hldgs.	1.53	+0.01

JAPAN

Dec. 5	Price Yen	+ or —
Ajinomoto	1,130	—10
Alps Electric	1,980	+20
Amada	1,140	+20
Asahi Chem.	661	—5
Asahi Glass	874	—5
Bridgestone	549	...
Canon	1,550	—10
Casio Comp.	1,600	—10
Chugai Pharm.	1,090	..
Citizen	580	—5
Daiei	650	...
Dai Nippon Ptg.	1,010	—30
Daiwa House	569	—13
Ebara	364	+17
Eisai	1,380	—10
Fanuc	11,000	—200
Fuji Bank	1,230	—20
Fuji Film	1,530	+10
Fujisawa	980	—7
Fujitsu	1,380	...
Green Cross	1,600	—10
Hasegawa	355	—1
Heiwa Real Est.	677	—2
Hitachi	869	+4
Hitachi Credit	1,080	+20
Honda	1,200	+20
House Food	710	—5
Hoya	2,400	—30
Itoh (C)	295	—5
Ito. Yokado	3,530	+10
Iwatsu	1,330	—10
JACCS	330	+6
JAL	5,390	+70
Jusco	745	...
Kajima	272	—3
Kao Soap	790	—5
Kashiyama	615	+5
Kirin	554	+10
Kokuyo	927	—3
Komatsu	430	...
Konishiroku	565	—2
Kubota	322	—3
Kumagai	449	+4
Kyoto Ceramic	7,190	...
Maeda Const	465	...
Makino Milling	1,220	...
Makita	1,010	+10
Marubeni	300	—5
Marudai	565	+5
Marui	1,070	—10
MEI	1,460	...
M'ta Elec Works.	615	..
M'bishi Bank	1,200	—40
M'bishi	518	—2
M'bishi Elec.	414	—10
M'bishi Estate	524	—4

JAPAN (continued)

Dec. 5	Price Yen	+ or —
MHI	250	—4
Mitsui Co	333	—7
Mitsui Estate	688	—1
Mitsukoshi	347	—2
NGK Insulators	965	—20
Nihon Cement	213	—2
Nippon Denso	1,420	...
Nippon Elect	1,350	...
Nippon Express	350	—5
Nippon Gakki	1,530	..
Nippon Kokan	138	+1
Nippon Oil	915	—15
Nippon Seiko	690	—28
Nippon Shimpan	863	—8
Nippon Steel	150	—3
Nippon Suisan	338	—13
NTV	13,300	—200
Nippon Yusen	257	—9
Nissan Motor	602	—8
Nisshin Flour	499	—6
Nisshin Steel	172	—6
Nomura	850	+28
Olympus	1,150	..
Orient Leasing	3,500	—50
Pioneer	2,620	—60
Renown	648	—2
Ricoh	975	..
Sankyo	898	+3
Sanyo Elect.	473	..
Sapporo	395	—6
Sekisui Prefab	580	—8
Seven Eleven	9,100	..
Sharp	1,040	—20
Shimadzu	863	—35
Shionogi	661	—10
Shiseido	1,150	—10
Sony	3,580	..
Stanley	896	—28
S'tomo Bank	1,570	.
S'tomo Elect.	864	—21
S'tomo Marine	654	—12
S'tomo Metal	152	+3
Taihei Dengyo	472	...
Taisei Corp	201	
Taisho Pharm.	949	—11
Takeda	756	—4
TDK	4,900	—10
Teijin	431	—4
Teikoku	662	—3
Tokyo Marine	700	—9
TBS	816	—3
Tokyo Elect Pwr	1,350	—30
Tokyo Gas	162	+2
Tokyo Sanyo	695	—6
Tokyo Style	700	—5
Tokyu Corp.	287	—8
Toppan Print	900	—7
Toray	421	+3
Toshiba Elect.	430	—11
TOTO	645	—20
Toyo Seikan	836	+1
Toyota Motor	1,260	—20
Victor	1,880	—10
Wacoal	726	—1
Yamaha	652	—21
Yamanouchi	1,960	+10
Yamazaki	739	—2
Yasuda Fire	368	—12
Yokogawa Bdge.	425	+5

SINGAPORE

Dec. 5	Price $	+ or —
Boustead Hldgs.	1.85	—0.01
Cold Storage	2.7	+0.02
DBS	6.05xa	—0.2
Genting	4.86	+0.02
Haw Par. Bros.	2.07	+0.04
Hong Leong Fin.	3.06	—0.1
Inchcape Bhd.	2.41	—0.06
Keppel Shipyard	1.75	—0.04
Malay Banking	5.7	...
Malay Utd. Ind	2.38	—0.09
Multi Purpose	0.93	..
OCBC	9.1	+0.15
OUB	4.14	+0.02
Public Bank	1.78	+0.04
Sime Darby	1.84	—0.01
Straits Trdg.	4.88	+0.14
Tat Lee Bk.	2.9	..
UOB	4.48	—0.12

SOUTH AFRICA

Dec. 5	Price Rand	+ or —
Abercom	1.25	—0.2
AE&CI	8.0	...
Anglo Am Coal	42.25	+0.25
Anglo Am Corp.	24	—0.2
Anglo Am Gold	167	—3
Barclays Bank	18.5	...
Barlow Rand	11.5	...
Buffels	78.5	—1.75
CNA Gallo	2.7	+0.05
Currie Finance	4.43	...
De Beers	8.25	—0.8
Driefontein	52	—1
FS Geduld	52	—1
Gold Fields SA	28.5	...
Highveld Steel	4	—0.3
Nedbank	13	—0.25
OK Bazaars	15.35	..
Protea Hldgs	1.8	—0.1
Rembrandt	31.25	—0.25
Rennies	14	+0.25
Rust Plat	15.9	—0.35
Sage Hldgs	7.4	+0.05
SA Brews	7.0	..
Smith (CG)	22.75	—0.25
Tongaat Hulett	7.8	...
Unisec	4.9	+0.1

CANADA

TORONTO

Prices at 2.30pm December 5

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices December 4

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 42

MARKET REPORT

GEC buy-in cushions fresh fall in leading shares

Index-linked Gilts wanted

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov 26	Dec 6	Dec 7	Dec 17
Dec 10	Dec 20	Dec 21	Jan 7
Dec 24	Jan 10	Jan 11	Jan 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Only faint traces were evident in London yesterday of the excitement and sharply increased activity aroused by the British Telecom offer. After two consecutive sessions of extremely heavy turnover, BT eased in a much lighter business and the equity market as a whole presented a drab appearance. Only Government securities resisted the downturn.

Wall Street's tentative recovery overnight was ignored by market traders and leading shares headed lower from the opening bell. Investors showed little enthusiasm to either buy or sell before news that electrical leader GEC was attempting to buy-in 40m of its own shares. Though market put-throughs an doutright purchases, the group may have achieved some three-quarters of its target.

The possibility that institutional operators would re-invest proceeds from any sales of GEC in British Telecom caused a temporary fillip in the latter but the movement was short-lived and BT closed 2 down on the day at 89p. GEC rose to 232p before setting a net 5 up at 230p.

GEC's move encouraged most blue chip industrials to rally and the FT Ordinary share index illustrated this by regaining much of a 7-point fall at 11 am to stand only two points lower an hour later. Throughout the afternoon, the index pulled back a little more ground only to ease again late following resumed weakness on Wall Street early yesterday. The index settled 2.6 lower on balance at 914.9.

A marginally firmer pound against the dollar drew fresh demand for Gilt-edged securities. Conventional stocks, however, were overshadowed by revived enthusiasm for index-linked issues. The authorities remaining supply of Treasury 2½ per cent 2016 was soon exhausted at 96, after buying orders had been scaled down. Index-linked stocks eventually gained ½ or so, but conventional longer-dated Gilts slipped in the after-hours' trade to close only fractionally better.

Lloyds down late

Easier at the outset, the major clearers rallied on reports that Argentina would sign the rescheduling agreement with its leading commercial bank creditors in February. However, sentiment was unsettled after-hours by rumours of an imminent rights issue from Lloyds; the latter finished 10 lower at 503p. Midland, recently the subject of takeover speculation, moved between 368p and 358p before closing a few pence cheaper at 360p. Barclays shed 5 to 533p as did NatWest, to 568p. Recently supported on bid hopes, Discount Houses lost ground. Clive slipped 3 to 67p and Union gave up 5 at 725p. Among merchant banks, Hambros declined 4 more to 153p on further consideration of the interim statement.

Lloyds Brokers encountered profit-taking after Tuesday's strength which greeted news of the agreed merger between Alexander and Alexander of the U.S. and Reed Stenhouse; A & A cheapened ⅛ further to £18¼, while Reed, at £10½, lost 2 of the previous day's rise of 4½. Stewart Wrightson dropped 15 to 470p and C. E. Heath eased 8 to 532p, while falls of 7 and 6 respectively were seen in Hogg Robinson, 213p, and Minet, 200p. Windsor Securities held the overnight level of 45p following the preliminary results.

Breweries again lacked the traditional seasonal cheer and continued to display modest luosses across the board. Bass gave up 6 more to 427p ahead of today's preliminary results; market sources expect pre-tax profits of around £220m and a 13p dividend.

Leading Buildings gave modest ground at the outset before steadying later in the session. Blue Circle, however, finished 7 lower at 463p as rumours that cement prices would not be increased in the new year began to circulate. RMC slipped to 394p prior to closing unchanged at 400p, but Redland settled 3 cheaper at 272p. Elsewhere, scrappy selling left Marchwiel 10 down at 250p and Newarthill 5 off at 605p, John Finlan shed 3 more to 87p awaiting today's half-timer, but Berkeley Group gained 6 to 148p ahead of the interim results due on December 17.

Coalite's half-year figures were deemed disappointing in some quarters and the price reacted to 187p before picking up to 194p, just 3 cheaper on balance.

Greenfields wanted

Major Retailers again presented a mixed appearance. House of Fraser firmed 4 to 302p amid rumous that Lonrho had resumed share purchases. GUS A hardened a few pence to 625p in front of today's interim figures; market estimates are pitched around the £103m level. In contrast, sellers held sway in Burton, 318p, and British Home, 260p, both 4 easier. Movements among secondary Stores also went against holders: Body Shop International, a rising market since its USM debut, reacted to adverse mention and fell 40 to 415p. Foster Brothers Clothing also lacked support and dipped 12 to 128p. Recent favourites J. Hepworth, 436p, and Our Price, 313p, gave up 7 and 5 respectively. Greenfield Blacks, on the other hand, advanced 4 to 48p following visits by leading brokers. N. Brown were also wanted at 210p, up 7; the mid-term results are expected on Monday. Dealings in Currys and Dixons were resumed at 527p and 424p respectively following the High Court's decision on the bid situation; subsequently Currys hardened to 529p, while Dixons closed at 432p. Howard and Wyndham attracted fresh speculative demand and finished 2½ to the good at 6½p.

Apart from the activity in GEC, trade in other Electrical majors was fairly moderate. Racal softened a couple of pence to 270p as did Thorn EMI to 480p. Renewed profit-taking clipped 6 more from the recently buoyant Cable and Wireless at 422p. Elsewhere, Security Centres remained a friendless market at 150p, down 12. Wordplex gave up 7 at 180p, but Pericon, on the other hand, improved 3 to 175p in response to the results and Checkpoint Europe, reflected demand in a thin market with a jump of 40 to 190p. Goring Kerr put on 12 to 420p and Thermal Scientific firmed 15 to 220p.

Burgess Products stood out with a rise of 16 to 82p, with the A shares a similar amount higher at 78p following news of the capital proposals; the A shares are to be enfranchised and Ordinary holders will receive compensation by way of a one-for-twelve scrip issue. Among other Engineering issues, Beauford advanced to 74p on favourable Press mention before settling below the best at 72½p, up 15 on balance. C. H. Bailey eased 1½ to 22½p following the results but TACE put on 12 more to 320p in sympathy with renewed firmness in Goring Kerr. Apart from a rise of 7 to 409p in Hawker, leading issues were inclined easier.

The undertone in Foods remained firm and the leaders made further modest headway. Ranks Hovis McDougall gained the turn to 116p on further consideration of the annual results. Among Retailers, favourable comment on the interim figures helped Argyll rise 5 afresh to 242p. Dee Corporation continued to attract buyers and added 4 to 207p, but Cullens Ordinary slipped 5 to 475p and the A shed a like amount to 345p awaiting further bid developments. Canvermoor attracted fresh support ahead of the annual results due next Thursday and added 3 for a two-day gain of 13 to 83p. Glass Glover firmed 6 to 256p.

Trusthouse Forte drifted lower in the absence of interest and the close was 4 down at the day's lowest of 139p. Among other Hotels and Caterers, Comfort Hotels fell 7 to 67p on thoughts that bid from Intasun may fail. Prince of Wales Hotels, the subject of an agreed bid from Comfort, eased 2 to 108p.

Avon Rubber down

Disappointing preliminary results upset Avon Rubber which fell 11 to 201p. Elsewhere in the Miscellaneous Industrial sector, Johnson Group Cleaners closed 10 lower at 440p in line with the increased offer from Nottingham Manufacturing. Polly Peck eased 3 more to 222p reflecting comment on the annual results, but CH Industrials responded to the increased interim dividend and profits with a rise of 2½ to 50p. News of the proposed £12.6m rights issue and the sale of its vehicle distribution division left LCP 3 cheaper at 92p. Dealings resumed in Cape Industries, at 47p, compared with the suspension price of 55p following the disclosure of further trading losses. Bath and Portland eased 5 further to 263p awaiting fresh bid developments, but occasional buying ahead of next week's preliminary figures left Pilkington Bros a few pence dearer at 308p. Leading issues displayed mixed movements. BOC, a dull market of late, rallied a couple of pence to 255p awaiting today's results, while Trafalgar House picked up 4 to 314p after comment on the annual figures. Metal Box also found support at 356p, up 6, but BTR, 538p, and Hanson Trust, 267p, eased 5 apiece.

In a mixed Motor sector, Lucas succumbed to renewed profit-taking after the recent good rise and closed 3 lower at 273p. Dealing in Dunlop were suspended at the company's request after-hours' at 25p, down a penny pending further details of the capital reconstruction. Among Garages, Lex Service came on offer at 288p, down 15.

Selected advertising agencies succumbed to profit-taking. Saatchi and Saatchi buoyant of late following comment on a possible share split, eased 15 to 895p, after 890p, while Wight Collins Rutherford Scott gave up 7 more at 288p ahead of Tuesday's half-timer. Valin Pollen, on the other hand, attracted fresh support and hardened 5 for a three-day gain of 15 to 333p. Brunning closed a penny to the good at 152p, after an initial 148p, following the first-half figures. East Lancashire Paper were unchanged at 101p; the board has agreed to accept the latest offer from British Syphon, a penny up at 85p. Elsewhere, free newspaper publishers Morgan Communications hardened a couple of pence to 107p after the preliminary results.

Business in Properties remained in low key and quotations finished easier for choice. Capital and Counties slipped 2 to 216p on second thoughts about the interim figures, while Hammerson A encountered occasional selling and settled 5 cheaper at 495p.

Earlys of Witney advanced 8 for a two-day gain of 12 at 53p as Courtaulds agreed to sell its 30.6 per cent stake to Clayhithe, an unquoted investment company. Courtaulds were unchanged at 15p. Other Textiles displayed losses for choice. Atkins Bros (Hosiery) continued to react to the warning on profit margins and dipped 13 more to 102p. Shaw Carpets, expected to reveal first-half figures tomorrow, eased 2½ to 44p.

Oils firmer

The oil majors closed with modest gains. Shell were supported and closed 9 to the good at 652p, while BP and Britoil hardened a couple of pence apiece at 500p and 218p respectively. Invent Energy featured secondary issues and moved up 20 to a two-day gain of 55 to 530p following another oil discovery in the Paris Basin. Irish issues revived with speculative demand producing a further rise of 25 to 120p in Osceola Hydrocarbons. Eglinton advanced 10 to 55p and Bryson a like amount to 100p.

Golds little changed

The surprise news of the proposed merger of the seven gold mines under Anglo American Corporation's management in the share dealers on the alert but Orange Free State put gold mines for the others, possibly through a share swap, failed to absence of any terms for the merger took much of the sting out of the news. Speculation that the deal will go through via a bid by one of the Anglo inspire any worthwhile demand. President Brand and President Steyn were both regarded as non-starters as the bidder but attracted persistent Johannesburg selling, as did Western Holdings. The latter gave up ½ at £27¼, while Brand and Steyn and £32½ respectively. Free State dipped around ½ apiece to £26½ Geduld drifted back to close ½ off at £23¼.

Other Golds moved narrowly in either direction, deterred by the continued uncertainty surrounding the bullion price which finally settled a net $1.25 easier at $330.75 an ounce. The Gold Mines index eased 0.9 to 555.8.

South African Financials fell away on lack of interest, although the losses were generally minimal. UK-registered issues were again highlighted by Charter Consolidated which dropped 7 mor to 180p—after touching a 1984 low of 172p late on Tuesday evening—following the problems experienced by the 67.3 per cent owned Cape Industries. East Rand Consolidated attracted speculative support and closed 3 better at a year's high of 67p.

Business in Traded Options again centred on British Telecom. Activity was much reduced from Tuesday's record-breaking levels, although operators again showed persistent interest for the well-received newcomer. Total contracts struck yesterday amounted to 16,821 with BT accounting for 5,826 calls and 4,912 puts; once again the February 90's proved to be the most popular series. Elsewhere, renewed demand was evident for Trafalgar House with 1,203 calls, 830 in the April 330's. The FT-SE 100 recorded 873 calls and 188 puts.

FINANCIAL TIMES STOCK INDICES

	Dec. 5	Dec. 4	Dec. 3	Nov. 30	Nov. 29	Nov. 28	year ago
Government Secs	83.66	83.68	83.19	83.00	83.12	82.96	83.33
Fixed Interest	86.41	86.57	86.11	86.11	86.32	86.16	86.41
Ordinary	914.9	917.5	924.9	917.5	925.8	929.2	753.6
Gold Mines	555.8	556.7	550.5	544.5	550.5	550.9	580.8
Ord. Div. Yield	4.66	4.64	4.60	4.63	4.60	4.60	4.63
Earnings, Yld.% (full)	11.93	11.88	11.18	11.25	11.17	11.17	9.53
P/E Ratio (net) (*)	10.06	10.10	10.69	10.63	10.70	10.71	12.79
Total bargains (Est.)	24,699	25,884	—	30,043	30,114	20,643	20,046
Equity turnover £m.	—	811.60	539.57	376.04	316.57	356.20	208.72
Equity bargains	—	34,975	27,523	15,168	16,788	16,560	18,172
Shares traded (mil)	—	478.5	448.5	146.7	156.1	191.6	140.2

10 am 910.7. 11 am 910.5. Noon 915.4. 1 pm 915.8. 2 pm 916.2. 3 pm 916.2.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.74

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	929.2 (28/11)	755.3 (23/7)	929.2 (28/11/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 4	Dec. 3
Daily Gilt Edged Bargains	150.1	153.6
Equities Bargains	225.6	178.3
Equities Value	1236.2	1070.4
5-day Average Gilt Edged Bargains	138.2	137.5
Equities Bargains	143.8	118.2
Equities Value	844.9	717.1

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (102)

BRITISH FUNDS (30)
INT. BANK AND O'SEAS GOVT. STLG. ISSUES (2)
COM'WEALTH & AFRICAN LOANS (1)
FOREIGN BONDS (1)
AMERICANS (1)
CANADIANS (1)
BANKS (1)
BUILDINGS (5)
CHEMICALS (4)
STORES (4)
ELECTRICALS (7)
ENGINEERING (2)
FOODS (2)
HOTELS (2)
INDUSTRIALS (9)
INSURANCE (1)
MOTORS (1)
NEWSPAPERS (1)
PAPER (6)
PROPERTY (2)
TEXTILES (1)
TRUSTS (4)
OILS (2)
MINES (1)

NEW LOWS (39)

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 3	Dec 14	Mar 7	Mar 18
Dec 17	Jan 4	Mar 21	Apr 1
Jan 7	Jan 18	Apr 11	Apr 22

For rate indications see end of Share Information Service

Call options were arranged in Dunlop, British Telecom, Eglinton Oil and Gas, Polly Peck, Combined Technologies, Falcon Resources, North Kalgurli, Taylor Woodrow, Blackwood Hodge, Atlantic Resources and Sumrie Clothes. Puts were taken out in British Telecom and John Waddington, while a double was arranged in British Telecom.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Avon Rubber	201	−11
Blue Circle	463	−7
Body Shop Intl.	415	−40
British Telecom	89	−2
Burgess Products	82	+16
Charter Cons.	180	−7
Checkpoint Europe	190	+40
Coalite	194	−3
GEC	230	+5
Heath (C. E.)	532	−8
Midland Bank	360	−3
Saatchi & Saatchi	895	−15

RISES AND FALLS YESTERDAY

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 9,589

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Dec. 5, Total contracts 16,821. Calls 9,893. Puts 6,928

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105¼	101	Treas. 15pc 1985	101	.....	14.85	9.25
102⅛	100	Exch. 12pc Cm. '85	100⅝	.....	11.93	9.72
97⅛	93⅞	Treas 3pc 1985	97⅛	.....	3.09	9.76
102⅞	99½	Treas 11½pc 1985	100⅞	-⅛	11.40	9.89
99¼	96⅞	Treas 8¾pcCnv '85	99⅛	.....	8.82	9.84
104⅛	99⅞	Exch. 12¼pc 1985	102⅛	.....	11.99	9.79
103⅞	99⅛	Exch. 11¾pc '86	102	.....	11.52	9.87
102⅛	96⅛	Treas. 10pcCnv 1986	100⅛	.....	9.98	9.82
93⅛	88⅞	Treas 3pc 1986	93⅛	+⅛	3.22	7.98
102	96⅝	Exch. 10½pc Cv '86	100⅞	.....	10.41	10.42
104⅛	99⅛	Treas 12pc 1986	102⅞	.....	11.67	9.97
98¾	93½	Treas 8½pc 1984-86‡‡	98⅛	.....	8.67	9.40
108⅞	102⅛	Exch. 14pc 1986	106½	.....	13.15	10.12
89⅛	85	Exch. 2½pc 1986	89⅛	+⅛	2.81	8.69
107⅞	100⅞	Exch. 13¼pc 1987	105⅛	.....	12.57	10.28
100⅞	94½	Treas 10¼pcCv '87	99⅞	.....	10.27	10.30
87⅝	83⅝	Exch 2½pc 1987	87⅛	-⅛	2.85	8.70
101⅛	94½	Exch. 10½pc 1987	100⅝	+⅛	10.46	10.29
92⅝	87	Funding 6½pc '85-87‡‡	92⅝	.....	7.01	9.97
99⅝	92⅞	Treas. 10pc 1987	99⅛	-⅛	10.07	10.33
86¼	81⅛	Treas 3pc 1987	86⅛	+⅛	3.47	8.99
105	97⅝	Treas. 12pc 1987	103¾	.....	11.57	10.46
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	93⅛	-⅛	8.30	10.24
100⅝	92⅞	Exch 10½pc '88	100⅛	.....	10.49	10.48
99⅛	89⅞	Treas 9¾pc Cv '88	97⅝	.....	9.99	10.58
82¼	77	Transport 3pc '78-88	82¼	.....	3.65	8.93
96⅞	88⅛	Treas. 9½pc '88	96⅛	.....	9.86	10.67
106¼	94⅞	Treas 11½pc 1989	102⅛	.....	11.23	10.75
96⅞	87⅞	Treas 9½pc Cnv. '89	96½	+⅛	9.84	10.57
99⅝	90⅞	Treas 10½pc 1989	99⅛	.....	10.57	10.70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- ●+ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ◆ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. [illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	86	....	Arnott	150	......
Craig & Rose £1	£11xd	......	CPI Hldgs	52½	......
Finlay Pkg. 5p	42	......	Carroll Inds.	128	......
Higsons Brew	85xd	......	Dublin Gas	65	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	40	......
IoM Stm. £1	184	–2	Heiton Hldgs.	15	–½
IRISH			Irish Ropes	33	......
Exch. 12% 1985	£98¼	......	Jacob (W. & R.)	65	......
Nat. 9¾% 84/89	£82½	......	TMG	67	......
Fin. 13% 97/02	£85¾	......	Unidare	80	......

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	15	Hanson Tst.	22	Vickers	18
BAT	10	Hawker Sidd	38		
BOC Grp.	24	Hse of Fraser	28	Property	
BSR	15	ICI	50	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	30	Ladbroke	20	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props.	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds.	24		
Brit. Telecom	7½	Marks & Spcr	10	Oils	
Brown (J.)	3	Midland Bk	33	Brit. Oil & Min	4½
Burton Ord	32	NEI	9	Brit Petroleum	38
Cadburys	14	Nat West Bk.	54	Burmah Oil	19
Comm Union	15	P & O Dfd.	26	Charterhall	6
Courtaulds	11	Plessey	20	Premier	6
Debenhams	19	Polly Peck	18	Shell	55
Distillers	24	Racal Elect	24	Tricentrol	22
Dunlop	5	RHM	10	Ultramar	22
FNFC	7	Rank Org Ord.	24		
Gen Accident	42	Reed Intnl	50	Mines	
Gen Electric	20	Sears	7	Charter Cons	21
Glaxo	90	TI	18	Cons Gold	42
Grand Met.	26	Tesco	8	Lonrho	14
GUS 'A'	55	Thorn EMI	42	Rio T Zinc	60
Guardian	58	Trust Houses	12		
GKN	16	Turner Newall	9		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

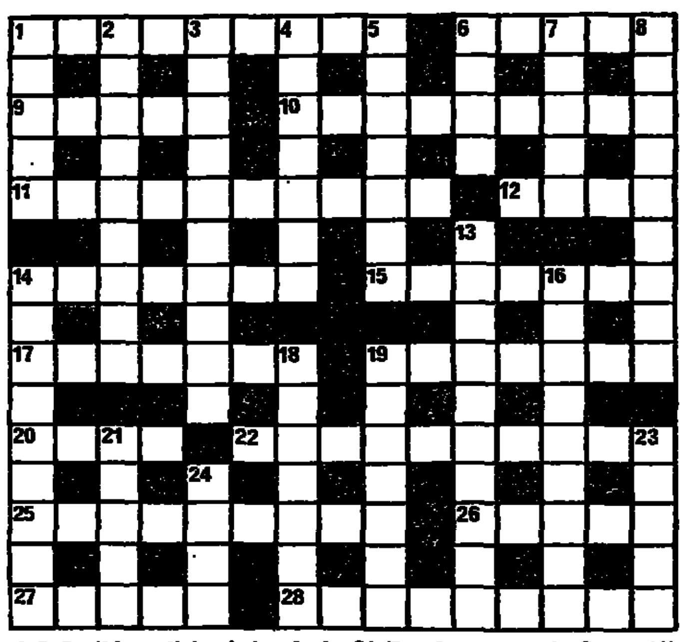
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,588



ACROSS

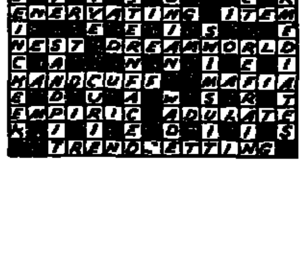
1 Remove water from sea, etc? CID concerned! (9)
6 Joust leads to hospital—it is the condition of the soil (5)
9 Victor has no starter in The Bull . . . (5)
10 . . . magazine - producer spilled relish at the pub (9)
11 Sluggishness forming dripstones? (10)
12 Inner part of Datura-like red flower (4)
14 In these roundabout ways, a doctor takes years seemingly (7)
15 Lestrade, for example, the American gardener (7)
17 Navigator's aid, second still in being? (7)
19 Desires scattered remains (7)
20 Longing for Mahler's third to have no opening (4)
22 Square of light? (6-4)
25 Constant motorway reversal—a tumble perhaps (9)
26 Obsession of slender note (5)
27 Depression in the field (5)
28 Staying-power of bearing (9)

DOWN

1 Tendency of old penny to chink (5)
2 Shelter for Alice's intended? (6-3)
3 Ticker-tape? (10)
4 Bloomers pulled up in Switzerland (7)
5 Diplomats get me back to ship in cove (7)
6 Slip catch? (4)
7 Composer in Harlequins' first-half scrummage (5)
8 Inflexible policies bring bad luck (4, 5)
13 Where to catch trout in IoW? (10)
14 How one is let down by Cliff? A big line's thrown out (9)
16 To me, India produces good offices (9)
18 Cover for the sewer? (7)
19 Carrots, perhaps, for Russian leader (7)
21 Aircraft to fly over desert . . . (5)
23 . . . high-flier putting down with skill? (4)
24 Put down roots in Settle (4)

Solution to Puzzle No. 5,587

No. 5,587



هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Midland Bank Tst Corp (Jersey) Ltd
28-34, Hill St, St Helier, Jersey. 0534 72156
MdBkOsGl 106.3 106.8 +0.6 11.24
MdBkIntBd $1.06 1.08 .... 7.41

Minerals Oils Res Shrs Fd Inc
PO Box 194, St Helier, Jersey. 0534 27441
MoresN21 $11.22 11.56 .... 3.46

Samuel Montagu Ldn Agents
114, Old Broad St, EC2. 01-626 3434
MtAmEqInc(z) 96.7 101.6 -1.1 5.68
MtJapInc(z) 70.3 74.0 -0.5 4.19
MntGlsInc(z) 50.5 53.2 +0.2 10.09
MtStrBsD5 £15.13 15.14 +0.03 9.17
MtIntCDec5 59.21 9.68 -0.07
ApNv27 SF103.95 112.80 .... 1.37
JaNv30 HK$43.08 46.62 .... 0.16
117GpOct31 17.95 19.31 .... 1.34
MFRNF21 $10.15 10.17xd ....
US FIFNv6 $1.22 11.82 ....

Murray Johnstone (Inv Adviser)
163, Hope St, Glasgow, C2. 041-221 5521
HpeStDec4 $65.47 71.20
MurFdDec6 £18.73 19.95 -0.40
PacFdDec5 $4.12 4.41 ....

NEL International Ltd
PO Box 119, St Peter Port, Guernsey, CI.
SterlingDep 77.3 81.4 ....
SterlFxdInt 89.0 93.7 ....
SterlingMan 95.5 105.8 ....
IntFxdMan 104.8 113.9 ....
Int Manad 104.2 113.2 ....

Nat Westminster Jersey Fd Mgrs Ltd
23-25 Broad St, St Helier, Jersey. 0534 70041
HhInFd•a)(b) 54.8 57.0 .... 10.53
EqtyFd•a)(b) 101.6 108.0 .... 2.07
IntBdFd(a)• 77.7 80.0xd -3.0 6.92
•Sub day every Thurs.

County Bank Currency Fund(z)
Dollar Class $23.0890 +0.0053
Sterling Class £11.4377 +0.003
D-Mark Cl DM53.5227 +0.0073
DutchGldrCl DFl53.4851 +0.0059
Jap Yen Cl Y5 428.1539 +0.8029

Negit SA
10a Boulevard Royal, Luxembourg.
NAV $9.20 ....

Newport International Management
Bank of Bermuda Bldg, Bermuda. 809 295 4000
Npt Int Sec $15.64
Npt Int Inc $14.60
Npt Pacific $12.12

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Bldg, Bermuda. 809 295 4000
Amer Trust $7.94 8.25 ....

Normandy Trust Managers Ltd
29, Athol St, Douglas, IoM. 0624 29696
Ndy Mt £0.9672 1.0182 .... 2.00
Ndy CT £1.2321 1.2977 .... 2.00
CbrCrG £0.7651 0.8054 .... 2.00

Northgate Unit Tst Mngrs (Jersey) Ltd
PO Box 82, St Helier, Jersey. 0534 73741
PacFdNov28 11.76 12.68 ....

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV $15.79 +0.10
Inv. Adv.: M & G Inv. Mngt. Ltd., London.

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517
OfshrGrw $1.12 1.191 ....

Phoenix International
PO Box 77, St Peter Port, Guernsey. 0481 23539
IntDollarFd $4.11 4.43 +0.01
Far East Fd $3.43 3.70 -0.02
IntCurFd $1.71 1.84 -0.05
DlrFxdIntFd $4.15 4.48 +0.05
StgExGtFd £2.55 2.76 ....

Providence Capitol International Ltd
PO Box 121, St Peter Port, Guernsey. 0481 26726-9
£UKFxdInt 162.4 174.7 ....
£UKSh Mkt 167.9 180.6 ....
£S Md Fd 149.3 160.6 ....
£SpcMkFd 95.6 102.9 ....
$IntStMkt 91.2 98.2 ....
$IntFxdInt 122.5 131.8 ....
$DllrMdFd 116.4 125.2 ....
$IntCurrency 107.7 115.9 ....
$WldTech 126.3 135.9 ....
$'JAmSkMt 101.1 108.8 ....
$ Far East 106.1 114.1 ....
SwFrMgd S4.9E1 5.356 ....
Prices Nov 26. Next dealing Dec 5.
For other prices ring 0481 26726 9.

Putnam International Advisers Ltd
10-12 Cork St, London, W1. 01-439 1391
Emrg Health Sci $9.50 -0.43
International Fd $55.73
For Quest Fund Man. (Jersey) see Royal Trust Intnl. Mngt.

Quilter/Heinold Commodities
31-45 Gresham St, EC2V 7LH. 01-600 4177
Resce Fd $141.08 2.00 ....
Next dealing date Dec 3.

Rea Brothers (IoM) Ltd
29 Athol St, Douglas, IoM. 0624 29696
BondFund £1.27 1.3125 .... 7.67

Richmond Life Ass Ltd
4 Hill Street, Douglas, IoM. 0624 29441
Gold Bond 240.2 255.4 ....
SterlDpBd 179.21 191.68 .... 9.79
UKGiltFund 170.4 181.1 ....

Rothschild Asset Management (CI)
St. Julian's Ct, St Peter Port, Guernsey. 0481 26741
'CAmerFd* $2.72 2.88 .... 1.51
[illegible] 205.3 217.7 .... 1.54
[illegible] 122.2 129.5 .... 2.35
HKFd†† HK$39.01 41.50 +0.48
Next dlg Dec 14.
*Prices Nov 21. Next dlg Dec 7. ††Dlg every Wed.

[illegible] International Reserves

Sterling	£16.048	+0.012	8.91
Australia $	A$15.979	+0.011	8.50
Canadian $	C$41.438	+0.033	9.71
Dutch Gldr	DFl53.575	+0.02	4.62
Danish Kr	DKr161.425	+0.139	10.27
Deutschmarks	DM53.921	+0.021	4.63
Bel Frs (Fin)	BFr961.73	+0.74	9.51
French Frs	FFr198.09	+0.015	9.67
HK Dollar	HK$106.763	+0.059	6.91
Italian Lire	L44.088	+47	12.98
Singapore $	S$70.705	+0.035	5.72
Swiss Frs	SF47.6338	+0.0146	3.64
U.S. $	$33.249	+0.024	8.64
Japanese Yen	Y6.728.64	+2.95	5.23

Daily dealings.

Rothschild Australia Asset Mgmt Ltd
17 Bridge St, Sydney 2000, Australia.
Five Arrows $1.43 1.46 .... 26.10

Rouse Woodstock (Bermuda) Ltd
POB 1179 Hamilton, Bermuda. 809 295 2244
Systemtrend £10.32 ....

Royal Bank of Canada Funds
PO Box 246, St Peter Port, Guernsey. 0481 23021
RBC Invest Managers Ltd
IntIncFd $9.63 10.46xd +0.02 7.90
IntlCapFd $16.67 18.08 ....
NthAmFd $7.19 7.87 ....
FrEst&PacF $9.59 10.26 -0.01
CanadnFd C$9.99 10.51 ....
RBC Intl Currencies Fd Ltd
U.S. $ $23.84
Canadian $ C$29.63 +0.01
£ Sterling £11.87 ....
D-Mark DM54.36 +0.01
Swiss Franc SF42.05 ....
Japanese Yen Y6.617 +1
Managed Fund $22.10 +0.01

Royal Trust Intnl Fd Mgmt Ltd (x)
PO Box 194, St Helier, Jersey. 0534 27441
StrlFxdFd £0.888 0.900 .... 9.16
Intnl Secs $1.104 1.147 .... 0.93
Intl Bd $0.779 0.789 .... 9.95
Prices on Nov 28. Next dealing Dec 5.

SCI/TECH SA
2 Boulevard Royal, Luxembourg.
SCI Tech NAV $9.83 ....

Save & Prosper International
PO Box 73, St Helier, Jersey. 0534 73933
Fixed Interest Funds
DM Bd DM10.78 11.37 .... 4.84
$ Fxd Int $7.59 8.11xd +0.02 10.85
Stlg Fund 110.5 116.5xd +0.2 11.98
Yen Bond Y1.463 1.545 +2 2.91
Equity Funds
GloblPhcFd $4.61 4.97 .... 0.83
UK Growth 159.8 172.8 -0.8 1.76
Intntl Grwth $9.94 10.64 .... 1.03
Far Eastern $20.19 21.63 +0.12 0.34
Nth Amer $7.51 8.12 +0.01 0.11
Gold $10.01 10.83 +0.13 2.95
Multicurrency Reserve Funds
U.S. $ 1.00 — 9.38
D-Marks 10.00 — 3.98
£ Sterling 1.00 — 8.38
Yen 100.0 — 5.02
Deposit Fund
SterlDeposit 192.0 192.2 +0.1 0.13
All funds are daily dealings.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd
Sterling £15.694 +0.0268 9.53
U S $ 129.6583 +0.0473 8.86
Deutschmrks DM54.3198 +0.0469 4.57
Swiss Francs SF53.0337 +0.0362 3.78

J. Henry Schroder Wagg & Co Ltd

[illegible]

Taiwan (ROC) Fund
c/o Vickers da Costa Ltd, King William St, London, EC4.
NAV $467. IDR value US$11,849.78.

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

COMMODITIES AND AGRICULTURE

Further moves planned to curb potato surplus

BY ANDREW GOWERS

THE Potato Marketing Board is preparing emergency measures to deal with a UK surplus which is approaching 850,000 tonnes.

The board met yesterday to discuss a plan to increase the minimum size of potato allowed to be sold, which could remove up to 300,000 tonnes of the crop from the market.

Mr Arnold Hitchcock, board chairman, said it was proposing two options: an increase in minimum potato size—known as the "riddle" after the device with which it is measured — from its current level of 40mm to either 45mm or 50mm.

An increase to 50mm would take 300,000 tonnes off the market, but growers would need a price increase of between £5 and £6 a tonne to compensate them for lost sales, he said.

Such a move would, however, more or less bridge the gap between the maximum amount which the board can buy under its existing support arrangements—500,000 tonnes—and the total estimated surplus.

The board's new crop estimate, which includes carryover stocks from last year, is a significant upward revision. Officials had previously insisted that the surplus was not much more than 500,000 tonnes.

Mr Robin Pooley, the board's chief executive, said it would need an extra £20m of Government funds to buy and dispose of the 448,000 tonnes for which it has contracted. He said the Agriculture Ministry had assured him this would be forthcoming in the form of a grant. The Government has already written off £5.9m in outstanding debts from the board.

Potato producer prices have been sliding steadily for some time under the influence of the glut. At the end of last week, the British weekly average price was £44.86 a tonne, its lowest level this season. A year ago, when supplies were scarce, the price exceeded £120.

The London futures market, meanwhile, firmed marginally in response to the news of a possible size increase. The April contract closed at £60.00 a tonne, 30p up on the day.

Brokers said an increase in the riddle to 50 mm could cause large problems on the futures exchange, which effectively trades in potatoes as small as 45 mm.

Board officials said last night it had decided to press ahead with the scheme, but a final decision would be taken on December 18.

The outcome depended partly on whether the Government was prepared to come up with extra funds.

Milk price control to end this year

BY OUR COMMODITIES STAFF

THE GOVERNMENT confirmed yesterday that it is lifting milk price controls at the end of this year, 12 months earlier than the original target date.

It also published details of an agreement designed to improve co-operation between dairy companies and the Milk Marketing Board and announced the terms of reference for an independent inquiry into the board's commercial activities.

Officials at the Agriculture Ministry said the Government's withdrawal from setting maximum retail and wholesale prices was unlikely to have much effect on the milk price.

Mr Michael Jopling, Agriculture Minister, hailed the decision, together with the understanding between the Dairy Trade Federation and the board, as a major improvement in milk marketing arrangements.

But by far the most far-reaching development is the independent inquiry into the board's commercial operations. This will be conducted by a team of management consultants in the first quarter of next year, and will focus on:

● The board's financial management and administration;

● Whether its commercial activities—grouped within its subsidiary, Dairy Crest — are "separately accountable from its other activities";

● Whether Dairy Crest competes "as far as practicable on an equal footing with independent dairies."

The dairy companies have complained persistently that Dairy Crest is competing unfairly.

Hides auction compromise reached

By Nick Garnett

THE MANCHESTER hides auction went ahead yesterday following a compromise arrangement on terms for sale.

The last auction two weeks ago was abandoned when auctioneers for the North West Hide and Skin Sales Association said they would accept only bids conforming to conditions of sale that require payment within 12 days. Custom and practice for several years has been 28 days.

The auctioneers said yesterday that bids would be made on the basis of individual sale and credit terms negotiated between buyers and the representatives of the hide markets who are the sellers. This is expected to be the Manchester auction's format from now on.

Most of yesterday's sales seem to have been done on 21 or 28 day payment terms. The dispute has been partly caused by the adverse impact of rising prices on the cash flow of traders,

U.S. crude oil stocks fall sharply

By Nancy Dunne in Washington

U.S. STOCKS of crude oil dropped by 7m barrels at the end of last week to 342m barrels, an estimated 5m barrels below 1983, according to the American Petroleum Institute.

Crude imports rebounded from 2.8m barrels the previous week to 3.7m barrels, and stocks of distillate fuel rose from 157m barrels to 160.7m barrels over the week. Residual fuel oil stocks dipped to 50.721m barrels.

The stocks figures follow a study by accountants, Arthur Andersen and Cambridge Energy Research Associates, which warns against the forecast that oil prices will rise again in the 1990s.

● SUGAR exports authorised by the European Commission at its weekly tender yesterday totalled 55,750 tonnes. A maximum export rebate of 40,493 European currency units per 100 kilos was granted.

The French Sugar Market Intervention Board has raised its European Community 1984-1985 sugar production forecast to 12.38m tonnes from 12.15m estimated last month.

● THUNDERFLASH, the supreme champion of the Royal Smithfield Show, Earls Court, was auctioned yesterday for £9,100, equivalent to £8.12 a pound. The 14-month-old black crossbred steer weighed in at just over half a ton. The buyer is Mr Edward Mutch, a wholesale butcher from Witney, Oxfordshire.

● PRICES for adult mohair at the final sale of the current season in South Africa closed unchanged from the previous fortnightly sale, while young goat prices fell 2.5 to 5 per cent and kids 5 to 7 per cent, the Mohair Board said.

● BRAZILIAN coffee institute president Sr Aloisio Garcia will travel to Hamburg next week to discuss the terms of 1985 sales contracts with European roasters. The IBC export director Sr Mauro Malta will hold parallel talks in New York.

Decision time for Gold Futures Market

John Edwards looks at choices facing members meeting today

THE FATE of the London Gold Futures Market is likely to be decided at a meeting of the member companies at the Great Eastern Hotel this morning. The special meeting follows publication in September of a report on survival prospects by Mr John Wolff, one of the market's board of directors.

Daily turnover on the market, which was launched in April 1982, has fallen to an average of less than 200 lots (of 100 ounces each); traders and members have become demoralised; and losses are mounting.

The highly comprehensive report by Mr Wolff, an independent broker whose family has a long association with the metal markets, concluded that changes had to be made.

To do nothing, the report said, would lead to closure of the market. While admitting that closure was tempting Mr Wolff thought this should be done only when all options had been tried. The market has after all been going for only two and a half years during depressed conditions in the whole gold market.

The report pinpointed several basic areas worth considering. It noted that a one-commodity futures market had little chance, and so recommended negotiations with other exchanges to investigate prospects for a merger. Diversification into other contracts, such as options, platinum, silver and a gold share index, were also recommended as well as appointing a promotion officer for two years and a drive to expand the membership.

Some members believe there are only two alternatives: either merge with the London International Financial Futures Exchange (Liffe) or close. Liffe has indicated that it is interested; it has some spare capacity and gold, another form of money, fits in well with financial futures.

There is a major disadvantage, however, to a straight takeover of the London gold futures contract by Liffe. One of the main advantages of belonging to the LGFM is that member companies become eligible for the "black box" arrangements exempting them from paying Value Added Tax on gold trading transactions. This special concession, originally only available to members of the London bullion market, is the prime reason why many of the London Metal Exchange companies joined the LGFM and have refused to sell their seats, even if they are not using them for trading purposes.

If the LGFM were taken over by Liffe this concession would almost certainly be withdrawn. An alternative would perhaps be to create a separate mini-exchange for gold futures on the Liffe premises, but this would lose most of the cost advantages of merging with another exchange.

It might entail simply moving the market to more expensive premises just in the hope of attracting extra business from Liffe members and being able to switch floor traders between the two exchanges.

Some members may well decide it is not worth becoming involved with Liffe and prefer either to take out their money by closing the market instead, or simply let it go on as present to preserve the VAT concession and hope for a revival in trading activity, with the aid of increased promotion.

There are other options to be considered. One is that the LGFM should link with the highly successful Comex (New York) gold futures market to provide the opportunity of trading in the same contract during both the U.S. and European time zones.

Another is to incorporate the LGFM with the Metal Exchange, instead of Liffe, to trade in one or two special "ring" sessions a day. Some LME members believe this should have happened right from the start instead of trying to launch a separate venture. There would be little extra cost involved and it would broaden the scope of the LME, many of whose members already trade in gold but have not been willing to use or staff their seats separately on the LGFM.

Finally an option not mentioned in the Wolff report is to link the LGFM with the new fully automated futures exchange, Intex, which was launched in September with a gold futures contract.

It is early days yet, indeed some traders believe the markets are not yet ready for fully automated exchanges, but Intex has been achieving a fairly respectable daily turnover of around 250 lots from 35 screens in use.

Merging with Intex would certainly relieve the LGFM of having to pay for accommodation.

With prospects looking gloomy for gold trading there may be no great enthusiasm to keep the LGFM operating if it is going to cost too much. However a decision to close the market after such a relatively short period without trying the various options available would be an admission of failure by London traders, who face increasing competition from the U.S. It would also mean losing the VAT concession. So members may decide they want more time to sort out the confusion.

Soviet bank loss may exceed $160m

BY JOHN EDWARDS, COMMODITIES EDITOR

WOZCHOD HANDELSBANK of Zurich, the Soviet owned bank that provides the main outlet for Russian gold sales to the western world, may have incurred much bigger losses than originally suspected as a result of unauthorised trading by its former main gold dealer, Mr Werner Petermans.

AP reported from Zurich that Mr Ferdinand Giger, a Swiss director of the bank, declined to comment on a report by Neue Zuercher Zeitung, a local newspaper, that the bank's losses may have totalled more than SwFr 400m ($160m).

Last month Wozchod confirmed that it had suffered substantial losses, but could not estimate the amount involved until an internal audit had been completed. It said SwFr 29m had been transferred from reserves last year to cover losses.

However, it is believed that further losses may have been suffered both in the gold and foreign exchange markets.

Gold traders in London have received telexes stating that only specified Russians are permitted to authorise any transactions.

Wozchod said in a statement last week that its parent banks in Moscow would stand by Wozchod in fulfilling its commitments.

The Swiss Federal Banking Commission has refused to comment, although it is reported to have discussed the matter at its recent quarterly meeting. Earlier this year there were rumours of a general tightening up by the Swiss authorities on their banks' gold trading operations.

Glaxo deal

FOSTER Wheeler Energy of Reading, a pharmaceutical engineering company, has been appointed as main contractor to build production facilities for ranitidine (Zantac, the successful anti-ulcer medicine) at Glaxochem's factories in Annan, Dumfries and Montrose, Angus.

Chinese cotton set for record

CHINESE cotton exports will reach a record 1.2m bales in 1984-85, showing its emergence as a major exporter, a U.S. Agriculture Department analyst said.

Mr Leon Mears of the department's foreign agricultural service said the exports, put at 750,000 bales in 1983-84, would seriously threaten the U.S. cotton trade.

● Mexico's cotton production in 1984-85 to June will be 1.25m bales (480lbs), National Cotton Producers' Union spokesman Reynaldo Magana said in Mexico City.

The rains affected about 60,000 of the 357,148 hectares planted to cotton, mainly in the northern states, he said.

LONDON MARKETS

LONDON'S base metal markets remained quiet yesterday with copper and aluminium losing a few pounds but lead, zinc and nickel showing modest gains on sterling's renewed weakness against the dollar.

Hedging sales against renewed shipper offerings from the Ivory Coast brought a further fall in March delivery cocoa futures, which closed £11 down at £1,837.50 a tonne. Nearby coffee futures drifted a little in slack demand.

Sugar futures values also retreated on light producer selling and chart based selling after the London daily raws price had been fixed 50 cents higher at $113.50 a tonne in the morning, partly reflecting prices paid for whites by Syria at a tender on Tuesday.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Dec. 5 1984	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt	$1175-1205		$1215/1245
Copper			
Cash h Grade	£1095.5	-3	£1084.5
3 mths	£1111.75	-2.5	£1107.75
Gold troy oz	$330.75	+1.25	$345.75
Lead Cash	£336.5	+3	£365.5
3 mths	£332.75	+3	£350.25
Nickel	£3957		£5866
Free Mkt	214/234c	+2	217/237c
Palladium oz	$159.75	+0.25	$149.25
Platinum oz	$320.25	-0.25	$355.75
Quick Silver†	$295/305		$300/310
Silver troy oz	585.25p	-5.00	616.45p
3 mths	598.65p	-3.15	631.50p
Tin cash	£9837	-8.5	£9552.5
3 mths	£9814	+5.5	£9615.5
Tungsten	$86.50	+3.19	$88.53
Wolfram 22.04lb	$75/77		$80/84
Zinc	£642.5	+4	£638.5
3 mths	£6443	+2.5	£641.25
Producers	$900	....	

	Dec. 5 1984	+ or —	Month ago
OILS			
Coconut (Phil)	$960w		$1055
Palm Malayan	$600v		$660
Seeds			
Copra Phil	$580x		$685
Soyabean (U.S.)	$263	-1.7	$260.5
GRAINS			
Barley Fut. Mar	£115.40	-0.20	£110.05
Maize	£146.00w		
Wheat Fut. Mar	£113.80	-0.05	£111.25
No2 Hard Wint.	‡		
OTHERS			
Cocoa Ft. Mar.	£1837.5	-11.0	£1877.5
Coffee Ft. Mar.	£2253.5	-3	£2291.5
Cotton A index	72.30c	+0.15	
Gas Oil Jan.	$229.75	-1.75	$262.75
Rubber (kilo)	61.0p	+0.5	56p
Sugar (raw)	$113.50z	+0.50	$128
Wooltp's 64s	485p kilo		

‡ Unquoted. v-Jan. y-Jan-Feb. x Dec-Jan. w Nov-Dec. † Per 75-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

Dec. 4	Dec. 3	M'th ago	Year ago
289.50	289.77	293.80	286.14

(Base: July 1 1952 = 100)

REUTERS

Dec. 5	Dec. 4	M'th ago	Year ago
1893.0	1891.9	1877.7	1940.7

(Base: September 18 1931 = 100)

MOODY'S

Dec. 3	Nov. 30	M'th ago	Year ago
985.0	986.0	966.6	1035.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 4	Nov. 30	Month ago	Year ago
Spot	125.19	u	125.45	136.22
Fut	126.76	126.66	128.69	145.35

(Base: December 31 1974 = 100)

OIL

Spot crude prices were virtually unchanged in very thin trading. At 1 pm EST Nymex traded 2-3 cents up on Tuesday's close. The petroleum products market had another inactive day. The publication of higher U.S. distillate stock figures weakened both the IPE and Nymex. This combined with the continued lack of interest on the demand side depressed gas oil prices; the other products remained stable—Petroleum Argus.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.75-27.80	+0.05
Arab Heavy	26.20-26.30	—
Dubai	26.70-26.80	—
Brent Blend	27.25-27.35	—
W.T.I. (1 pm est)	27.45-27.50	—
Forcados (Nigeria)	27.35-27.40	—
Urals	27.50-27.60	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	245-248	—
Gas Oil	223-226	—1
Heavy fuel oil	162-164	—

* Jan.

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Dec.	228.00	—1.25	228.50-27.25
Jan	229.75	—1.75	231.00-29.25
Feb.	230.00	—1.25	230.75-28.25
March	226.75	—1.50	227.50-26.50
April	225.50	+2.50	225.50-22.25
May	223.75	+1.75	225.00-22.25

Turnover: 1,585 (1,643) lots of 100 tonnes.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1095-.5	-2.5	1095-6	-3
3 months	1109.5-10	-3.25	1111.5-2	-2.5
Settlem't	1095.5	-2.5	—	—
Cathodes				
Cash	1105-10	+.5	1106-8	-8
3 months	1117-20	-2.5	1118-20	-4
Settlem't	1110	+2	—	—

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,095, three months £1,109, 10, 11, 11.5, 11, 12, 11.5, 10, 9.5, 10. Kerb: Higher Grade: Three months £1,110, 10.5, 11, 11.5, 12. Afternoon: Higher Grade: Three months £1,112, 11.5, 12, 11.5. Kerb: Higher Grade: Three months £1,112, 14, 13, 14, 13.5, 14, 15. Turnover: 31,600 tonnes. U.S. Producers: 62.50-67.00 cents a pound.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	338-.5	+4.5	336-7	+3
3 months	334.5-5	+5.25	332.5-3	+3
Settlem't	338.5	+4.5	—	—

Lead—Morning: Cash £338, three months £334, 33, 34.5. Kerb: Three months £334.5. Afternoon: Three months £334, 33, 32, 31.5, 31, 31.5, 32, 31, 31.5, 32, 32.5, 33. Kerb: Three months £333, 2, 1, 1.5, 1. Turnover: 12,600 tonnes. U.S. Spot: 2.00-28.00 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9860-5	-10	9880-5	—
3 months	9850-5	-5	9860-1	+6
Settlem't	9865	-10	—	—
Standard				
Cash	9825-8	-11	9835-40	-8.5
3 months	9801-2	-6	9812-6	+5.5
Settle m't	9828	-12	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard: Cash £9,825, 30, 28, three months £9,780, 90, 9,800, 5, 1. High Grade: Cash £9,865, three months £9,825. Kerb: Standard: Three months £9,801, 5. High Grade: Three months £9,850. Afternoon: Standard: Three months £9,810, 15, 12, 16. High Grade: Three months £9,860. Kerb: Standard: Three months £9,812, 11. Turnover: 2,675 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	635.5-.75	-5.88	642-3	+4
3 months	638-.5	-4.5	642.5-3.5	+2.5
Settlem't	635.75	-6.25	—	—

Zinc — HIGH GRADE OFFICIAL/UNOFFICIAL PRICES: Cash am £688-693, pm £692-695. Three months am £683-688, pm £687-690; settlement: £693. Morning: Cash £638, three months £639, 38, 38.5, 38. Kerb: Three months £638. Afternoon: Three months £638, 39, 41, 41.5, 41, 42, 43. Kerb: Three months £642, 43, 44. Turnover: 16,450 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	924.5-5	-7.75	923.5-4	-4.75
3 months	947-.5	-8.25	946.5-7	-6.25

Aluminium—Morning: Cash £924.5, three months £946, 45, 45.5, 46, 46.5, 46, 46.5, 47, 47.5, 48, 47. Kerb: Three months £947, 46, 45.5, 45. Afternoon: Three months £943, 44, 45, 46, 47, 46.5, 47. Kerb: Three months £947, 47.5, 47, 48, 48.5, 49, 50, 52. Turnover: 27,250 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3950-2	+26.5	3960-5	+40
3 months	4007-.5	+11	4025-8	+20

Nickel—Morning: Cash £3,950, three months £4,005, 7, 8. Kerb: Three months £4,010, 8, 10. Afternoon: Cash £3,971, three months £4,020, 26, 23, 25. Kerb: Three months £4,015, 10, 8, 12. Turnover: 3,270 tonnes.

GOLD

Gold fell $1¼ to $330½-$331 in quiet London bullion trading. It opened at $331-$331½, the highest level of the day, but then drifted lower. It was fixed at $330.55 in the morning and $329.90 in the afternoon. The metal touched a low of $328¾-$329¼.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Dec.	—	—	—
Feb.	334.70-34.90	—1.45	335.40-33.50
April	339.10-38.90	—	339.00

Turnover: 119 (146) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Dec. 5

Close	$330½-331	(£273½-274)
Opening	$331-331½	(£272¼-272¾)
M'n'g fix	$330.55	(£272.776)
Aft'n'n fix	$329.90	(£272.690)

GOLD AND PLATINUM COINS

Kr'g r'nd	$341-341½	(£282¼-282¾)
½ Krug.	$175¾-176½	(£145½-146)
¼ Krug.	$89½-90½	(£74¼-75)
1/10 Krug.	$36¾-37½	(£30½-31)
Maple leaf	$341-341½	(£282¼-282½)
New Sov.	$77¾-78¼	(£64½-64¾)
½New Sov.	$46¾-47½	(£38¾-39¼)
Old Sov.	$78½-80	(£65-66¼)
$20 Eagle	$510-540	(£422-447)
Noble Plat	$329¼-333	(£272¾-276)

SILVER

Silver was fixed 3p an ounce lower for spot delivery in the London bullion market yesterday at 582.25p U.S. cent equivalents of the fixing levels were: spot 709.8c, up 2.8c; three-month 725.4c, up 2.9c; six-month 742.9c, up 2.7c; and 12-month 781.2c, up 4.6c. The metal opened at 584-587p (710-713c) and closed at 585-588½ (707-710c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	585.25p	-5.00	585.0p	-5.5
3 months	598.65p	-3.15	599.0p	-5.5
6 months	612.70p	-3.50	—	......
12 months	641.80p	-2.00	—	......

LME—(2,000 oz contract): Cash 585p (590.5p), three months 599p (604.5p). Turnover: 0 (0).

Turnover: 35 (66) lots of 10,000 oz. Morning: Large first ring three months 598.5, second ring three months 598.5. Kerb: untraded. Afternoon: untraded. Kerb: untraded.

COCOA

Although opening steadier than due, futures failed to hold the gains. Physical activity was again limited to the second-hand market with both producers and consumers declining to participate at present levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1905-1908	+8.5	1921-1897
March	1837-1838	—11.0	1867-1832
May	1837-1838	—8.0	1862-1856
July	1837-1840	—9.0	1858-1845
Sept	1840-1843	—9.0	1865-1840
Dec	1798-1795	—5.0	1810-1792
Mar	1780-1810	—5.5	1805-1805

Sales: 4,004 (1,582) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for December 5: 98.12 (98.75); five-day average for December 6: 97.95 (97.79).

COFFEE

Despite opening slightly higher, commission house pressure in nearby January created a gradual retracement, reports Drexel Burnham Lambert. During a slightly more active afternoon losses were extended, but forwards remained relatively steady.

COFFEE	Yesterd'ys Close	+ or —	Business Done
January	2310-12	—22.0	—
March	2253-54	—3.0	2342-06
May	2218-20	+0.5	2261-48
July	2221-23	+4.5	2224-10
Sept	2205-16	—2.5	2223-10
Nov	2216-20	+3.5	2215-10
Jan	2200-10	—	2210-01

Sales: 2,883 (2,965) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for December 4: Comp daily 1979 135.02 (133.31); 15-day average 137.31 (137.69).

GRAINS

Business done—Wheat: Jan 110.65-10.40, March 114.10-3.85, May 117.50-7.15, July 119.40-9.30, Sept 98.45 only, Nov untraded. Sales: 307 lots of 100 tonnes. Barley: Jan 110.85 only, March 113.60-3.40, May 116.30-6.20, Sept and Nov untraded. Sales: 79 lots of 100 tonnes.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
Jan.	110.35	—0.10	110.80	—0.20
Mar.	113.80	—0.05	113.40	—0.20
May	117.15	—0.10	116.15	+0.20
July	119.30	+0.15	—	—
Sept.	98.60	—	97.80	—
Nov.	101.90	+0.15	100.90	+0.10

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent Dec 20/Jan 10 161.60, Jan 163.05, Feb 165.75, March 168.20, transhipment East Coast. U.S. No 2 soft red winter Jan 147, Feb/March 147.25. English feed fob Jan/March 113.50 seller East Coast. Maize: U.S. No 3 yellow/French transhipment East Coast second half Nov/second half Dec 145 quoted. Barley: English feed fob Jan 114.50 seller East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: N East 110.60. Feed barley: E Mids 108.60, N East 109.20, Scotland 106.00. The UK monetary coefficient for the week beginning Monday December 10 is expected to remain unchanged.

PIGMEAT

Prices fell slightly in sympathy with physical prices in dull Trading conditions, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	114.90	115.20	115.20-14.90
April	113.40	113.60	113.60-13.30
June	110.30	110.40	—
Aug	108.20	108.30	—
Oct.	113.00	113.40	113.00
Nov.	113.80	114.10	113.90-13.80

Sales: 44 (31) lots of 50 carcases, 3,250 kg.

POTATOES

Rumours of PMB discussions on ways to improve the physical market set futures off to a strong start but as these rumours remained unsubstantiated interest began to flag and prices drifted down, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	53.70	53.50	55.00-55.00
April	60.00	59.70	62.50-59.40
May	63.50	62.70	65.50
Nov.	65.00	65.00	65.00
Feb.	—	—	—

Sales: 535 (411) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened slightly steadier, attracted little interest throughout the day and closed on a quiet note, reports Lewis and Peat. Closing prices (buyers): spot 61.00p (60.50p); Jan 72.00p (same); Feb 72.50p (72.75p).

SOYABEAN MEAL

The market opened 50p lower in quieter conditions, reports T. G. Roddick. It continued to ease during the afternoon.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Dec	152.0-158.0	—	—
Feb.	144.4-144.5	—1.15	145.0-144.8
April	144.6-144.9	—0.90	145.0-144.8
June	145.0-145.7	—1.05	—
August	147.5-148.4	—1.05	—
October	148.5-150.0	—1.50	—
Dec	150.8-151.5	—0.45	151.0

Sales: 100 (157) lots of 20 tonnes, 0 (0) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $113.50 (£93.50), up 50c (down 50p). White sugar $155.50, up $1.00 a tonne for Dec/Jan delivery.

Quotations again showed little change in quiet trading conditions, reports C. Czarnikow.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar.	143.0-143.2	144.0-144.2	144.6-142.4
May	150.2-150.4	151.2-151.4	151.6-149.6
Aug	160.6-161.0	161.6-162.0	162.0-161.0
Oct	168.6-169.0	169.2-169.8	170.4-168.4
Dec	174.0-175.0	176.2-178.8	176.0
Mar	189.6-190.0	190.4-191.0	—
May	196.0-197.0	196.4-198.0	—

Sales: 2,407 (1,312) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £198.00 (£198.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for December 4: Daily price 4.09 (4.04); 15-day average 4.10 (4.13).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 158 tonnes. Spinners continued to direct their attention towards selected African growths. South American longer staple varieties moved off fluite well but other American growths were disregarded.

U.S. MARKETS

GOLD and silver traded in a featureless fashion with fresh buying subdued by the weak tone to currencies, reports Heinold Commodities. Copper showed modest losses on arbitrage selling linked to the weak tone to sterling. A selling tender by the Dominican Republic put renewed pressure on sugar values. Cocoa came under pressure on a lack of commission house support and arbitrage selling. Coffee was mixed as good dealer selling emerged. Cotton was steady on a general lack of fresh news and expectations of more favourable harvest weather later in the week. Grains were mixed with maize under selling pressure on lack of export business while wheat firmed.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	50.50	50.70	50.70	50.65
Jan	50.90	—	—	50.95
March	51.70	51.80	51.10	51.85
May	52.45	52.15	52.05	52.60
July	53.50	53.05	53.00	53.65
Sept	54.40	53.95	53.95	54.55
Dec	55.75	—	—	55.90
Jan	56.20	—	—	56.35
March	57.10	—	—	57.25

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2186	2226	2185	2211
March	2085	2132	2088	2111
May	2097	2130	2088	2114
July	2098	2129	2093	2116
Sept	2105	—	—	2120
Dec	2062	2075	2065	2085
March	2060	—	—	2070

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	141.65	143.40	141.05	141.00
March	138.00	138.60	137.20	137.80
May	138.51	139.00	136.50	137.47
July	134.75	137.25	134.70	136.12
Sept	132.75	135.00	132.40	134.20
Dec	132.66	133.75	132.50	133.00
March	130.75	—	—	131.75
May	130.75	—	—	131.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	57.85	58.20	57.75	58.10
Jan	58.15	58.30	58.00	58.36
Feb	58.60	—	—	58.85
March	59.05	59.45	58.95	59.30
May	59.85	60.25	59.60	60.10
July	60.65	61.00	60.50	60.90
Sept	61.45	61.80	61.35	61.70
Dec	62.75	63.00	62.70	63.00
Jan	63.20	—	—	63.45
March	64.00	—	—	64.25

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	65.72	65.75	65.00	65.50
March	66.42	66.40	66.00	66.22
May	67.10	67.17	66.95	67.00
July	67.75	67.80	67.50	67.66
Oct	68.00	68.10	68.15	68.00
Dec	68.15	68.25	68.03	68.15
March	69.20	—	—	69.05
May	69.61	—	—	69.45

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Jan	27.70	27.70	27.46	27.52
Feb	27.60	27.67	27.37	27.42
March	27.48	27.45	27.24	27.28
April	27.37	27.38	27.07	27.14
May	27.30	27.20	27.05	27.08
June	27.15	27.15	26.98	27.02
July	27.07	27.07	27.00	26.94
August	27.00	27.00	27.00	26.94
Sept	26.80	—	—	26.94
Oct	26.80	—	—	26.94

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	330.1	331.0	329.4	329.8
Jan	331.6	—	—	331.3
Feb	334.3	335.5	333.2	334.1
April	339.0	340.1	338.4	338.9
June	344.2	345.5	343.6	344.2
August	349.5	350.8	348.9	349.5
Oct	355.0	356.0	355.0	355.0
Dec	360.5	—	—	360.5
Feb	366.3	—	—	366.1
April	372.3	373.2	373.2	372.1
June	378.2	—	—	378.1
August	384.2	—	—	384.1
Oct	390.4	—	—	390.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Jan	78.60	78.75	77.70	77.81
Feb	78.90	78.90	77.90	77.86
March	75.90	76.00	74.60	75.06
April	73.10	73.25	72.15	72.25
May	71.85	71.85	71.65	71.05
June	71.15	71.65	71.65	71.85
July	71.76	71.45	70.90	71.10
August	71.45	—	—	70.75
Sept	71.60	—	—	70.80

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	168.10	168.00	165.65	165.30
March	167.70	168.00	166.50	167.50
May	167.40	167.60	165.95	167.50
July	165.75	165.80	165.00	166.40
Sept	162.40	—	—	165.00
Nov	165.85	—	—	165.00
Jan	164.00	164.00	164.00	163.00
March	164.00	—	—	163.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	306.7	307.0	306.0	306.4
April	312.7	314.0	312.5	312.4
July	319.2	320.0	318.5	318.4
Oct	325.5	327.5	325.0	325.5
Jan	331.5	332.0	332.0	331.8
April	341.4	341.5	341.2	340.5
July	348.4	—	—	348.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	707.2	710.0	703.5	708.6
Jan	711.0	—	—	712.2
Feb	716.1	713.0	713.0	717.3
March	721.5	724.0	716.0	722.6
May	731.6	734.5	726.0	732.9
July	740.6	742.5	737.0	742.9
Sept	753.3	757.0	750.0	752.9
Dec	767.7	773.5	767.0	768.1
Jan	776.1	—	—	776.4
March	785.8	791.5	781.5	786.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	4.99	4.71	4.57	4.76
March	5.05	5.05	4.95	5.08
May	5.35	5.36	5.24	5.35
July	5.56	5.60	5.52	5.64
Sept	5.85	5.80	5.85	5.94
Oct	5.96	6.02	5.94	6.04
Jan	6.78	—	—	6.83
March	6.75	—	—	—

SPOT PRICES—Chicago loose lard 29.50 (same) cents per pound. New York tin 548.0-550.0 cents per pound. Handy and Harman silver bullion 707.5 (714.5) cents per troy ounce.

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.62	67.27	66.55	67.20
Feb	65.07	65.60	64.85	65.60
April	67.27	67.70	67.15	67.67
June	67.25	67.65	67.05	67.50
August	65.15	65.50	65.02	65.45
Oct	63.07	63.32	63.00	63.32
Dec	64.55	64.55	64.45	64.80

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	52.25	52.75	51.90	51.75
Feb	51.97	51.50	50.75	51.45
April	46.77	47.00	46.50	46.87
June	49.65	49.95	49.60	49.80
July	52.07	52.10	51.70	51.77
August	52.77	52.85	52.55	52.72
Oct	49.87	50.10	49.85	49.95
Dec	47.50	47.75	47.25	47.60
Feb	48.00	—	—	48.30
April	46.25	46.45	46.25	46.50

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	267.4	268.0	267.4	268.2
March	276.4	276.8	275.8	277.0
May	282.6	282.6	282.0	283.4
July	285.4	285.6	284.6	286.0
Sept	277.2	277.2	276.8	278.0
Dec	265.6	[illegible]	[illegible]	[illegible]
March	280.2	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	73.95	74.05	72.70	72.80
March	73.40	73.50	72.50	72.35
May	74.40	74.40	73.60	73.70
July	73.52	73.57	72.00	72.52
August	71.62	71.85	71.50	71.30
Feb	73.55	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Jan	606.2	607.2	603.0	606.6
March	613.4	621.0	613.4	621.8
May	627.4	630.0	622.4	629.2
July	637.6	643.4	637.2	644.0
August	638.6	644.0	638.0	644.4
Sept	628.0	[illegible]	[illegible]	[illegible]
Nov	627.0	[illegible]	[illegible]	[illegible]
Jan	638.6	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	149.4	150.7	149.2	151.1
Jan	151.9	152.8	151.1	153.7
March	157.7	158.5	157.3	160.1
May	163.2	164.6	162.1	164.0
July	168.0	169.0	165.9	168.5
August	169.5	171.0	168.5	170.0
Sept	170.3	170.8	169.5	171.5
Oct	170.0	172.0	170.0	172.2
Dec	172.0	174.5	172.0	174.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	26.73	27.46	26.70	27.63
Jan	25.92	26.18	25.85	26.23
March	24.85	25.22	24.80	24.95
May	24.27	24.60	24.20	24.40
July	23.85	24.20	23.85	24.08
August	23.52	23.60	23.60	23.65
Sept	23.00	23.10	22.90	23.00
Oct	22.55	[illegible]	[illegible]	[illegible]
Dec	21.90	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	364.4	367.2	361.0	361.6
March	364.2	355.2	352.2	353.4
May	348.2	349.2	347.2	347.4
July	343.0	343.2	341.0	342.0
Sept	343.4	345.0	343.4	344.4
Dec	353.6	356.0	353.4	355.0

OTHER MARKETS

ROTTERDAM

WHEAT—(U.S.$ per tonne): U.S. Two soft red winter Jan 151.50, Feb 182.25, March 182.25. U.S. Three northern spring 14 per cent protein Dec 176, Jan 179.50, Feb 182, March 184.50, April/May 174. U.S. northern spring 15 per cent protein April/May 191. U.S. Three hard amber durum Dec quoted 197, Jan 202, Feb 204, March 205, April/May 190, Sept 189. Canadian One western amber durum April/May 208.50.

MAIZE—(U.S.$ per tonne): U.S. Three yellow Dec 132.50, Jan 131.75, Feb 133.50, March 133.75, April/June 134, July/Sept 138 sellers. Argentine Plate April/June 137.

SOYABEANS—(U.S.$ per tonne): U.S. No Two yellow Gulfports Nov 20/Dec 10 248.50, Dec 247, Jan 247.50, Feb 249.50, March 251.70, April 253.60, May 255.50, June 257, July 258.10 sellers.

SOYAMEAL—(U.S.$ per tonne): 44 per cent afloat 185, Nov 183, Dec 174, Jan 171, Jan/March 174.50, April/Sept 184 sellers. Pellets Brazil afloat 182, Dec 188, Jan 194, Feb 187, Jan/March 183, April/Sept 185 sellers. Pellets Argentine afloat 184, Nov 184, Dec 182, Jan 181, Jan/March 181, May/Oct 183 sellers.

PARIS

SUGAR — (FFr per tonne): March 1485/1487, May 1535/1537, Aug 1630/1637, Oct 1685/1695, Dec 1760/1778, March 1875/1885.

COCOA—(FFr per 100 kg): Dec 2104/2112, March 2088/2098, May 2085 bid, July 2070 bid, Sept 2075 bid, Dec 2060 asked, March 2060 asked.

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 84.0; English hindquarters 98.0 to 103.0, forequarters 54.0 to 56.0. Veal—Dutch hinds and ends 121.0 to 125.0. Lamb—English small 76.0 to 82.0, medium 76.0 to 76.0, heavy 74.0 to 76.0; Scotch medium 75.5 to 77.0, heavy 74.0 to 76.5; Imported: New Zealand PL 66.0 to 67.0, PM 64.5 to 65.5. Pork—English under 100 lb 54.0 to 65.0, 100-120 lb 55.5 to 64.0, 120-160 lb 48.0 to 55.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.22p per kg lw (+1.21). GB—Sheep 184.11p per kg est dcw (-4.03). GB—Pigs 85.30p per kg lw (-1.50). GB—AAPP 115.12p per kg lw.

HIDES

HIDES—Manchester, Leeds (Birmingham). Second clears. Ox: 31-35.5 kg 107.0p a kg, 107.7p withdrawn (109.5p); 26-30.5 kg 116.8p a kg, 116.0p withdrawn (119.3p withdrawn): 22-25.5 kg 131.2p a kg withdrawn (134.7p). Cows: 25.5 kg, 131.8p a kg withdrawn, 132.6p (132.1p).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar higher, but erratic

The dollar had an erratic day on the foreign exchanges, with the present thin end of year market tending to exaggerate movements. An easing of the Federal funds overnight rate in New York and softer Eurodollar interest rates made dealers think again about the dollar's recent sudden resurgence. Although commercial interests may be waiting in the wings to complete dollar purchases before the end of the year, these potential buyers are now looking for the most favourable rate, rather than rushing in on fears the dollar will shoot up past its previous record levels. The Federal Reserve drained temporary reserves from the New York banking system when Federal funds were trading at 8¾ per cent, but this was regarded as a technical move and had little impact.

After an early weakness the U.S. currency finished firmer on the day, and although there is little fresh data to move the market at the moment, the firmer trend was underpinned by fears that today's weekly U.S. M1 money supply will rise by about $1.5bn.

Later in New York there was little reaction to the Fed's move to add permanent reserves via a bill pass.

The dollar rose to DM 3.0785 from DM 3.0590; FFr 9.42 from FFr 9.37; SwFrs 2.5450 from SwFrs 2.5325; and Y246.75 from Y246.40.

On Bank of England figures the dollar's index rose to 142.4 from 142.2.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.1875. November average 1.2415. Exchange rate index closed unchanged at 74.7, compared with 79.3 six months ago. It opened at 75.0, the highest point of the day, and finished at the day's low.

Sterling opened firm against the dollar, helped by a slightly stronger oil market, but declined slowly to close 15 points lower at $1.2075-1.2085. The pound remained well supported against European and other major currencies, climbing to DM 3.72 from DM 3.70; FFr 11.39 from FFr 11.3325; SwFr 3.08 from SwFr 3.0625; and Y298.25 from Y298.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. November average 2.9906. Trade-weighted index 120.8 against 126.7 six months ago.

The D-Mark was slightly firmer overall at the Frankfurt fixing. The Bundesbank sold $18.85m when the dollar was fixed at DM 3.0643 compared with DM 3.0906, but was probably not active on the open market. The dollar fell from an opening level of around DM 3.0570 in the face of slowing commercial demand, but trading was very thin. Expectations of lower U.S. interest rates were to some extent offset by declining West German rates. Sterling fell to DM 3.7150 from DM 3.7160 at the fixing, and the Swiss franc to DM 1.2090 from DM 1.2135. Within the EMS the French franc improved to DM 32.650 per 100 francs from DM 32.645, and the Dutch guilder to DM 88.635 per 100 guilders from DM 88.630. The Danish krone was also slightly firmer, but the Irish punt, Belgian franc and Italian lira lost ground to the D-mark.

STERLING EXCHANGE RATE INDEX

	Dec 5	Previous
8.30 am	75.0	74.9
9.00 am	74.9	74.6
10.00 am	74.9	74.7
11.00 am	74.9	74.7
Noon	75.0	74.7
1.00 pm	75.0	74.7
2.00 pm	74.9	74.7
3.00 pm	74.8	74.7
4.00 pm	74.7	74.7

£ in New York

	December 5	Prev. close
£ Spot	$1.2052-.2060	$1.2100-2110
1 month	0.07-0.06 pm	0.06-0.05 pm
3 months	0.12-.08 pm	0.09-0.08 pm
12 months	0.57-0.47 dis	0.46-0.51 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.9556	+0.12	+0.37	±1.5428
Danish Krone	8.14104	8.02858	−1.38	−1.13	±1.6421
German D-Mark	2.24184	2.23356	−0.37	−0.12	±1.1463
French Franc	6.87456	6.84070	−0.49	[illegible]	±1.3659
Dutch Guilder	2.52595	2.52051	−0.22	+0.03	±1.5165
Irish Punt	0.72569	0.716877	−1.21	−0.96	±1.6671
Italian Lira	1403.49	1380.39	−1.65	−1.65	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Dec 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2045-1.2165	1.2075-1.2085	0.08-0.05c pm	0.65	0.13-0.08 pm	0.35
Canada	1.5940-1.6010	1.5985-1.6003	0.11-0.19c dis	−1.12	0.37-0.50dis	−1.09
Nethlnd.	4.17½-4.20¾	4.19¾-4.20¾	1¼-1⅛c pm	3.93	4-3¾ pm	3.63
Belgium	74.50-74.99	74.70-74.80	4-10c dis	−1.12	13-22 dis	−0.94
Denmark	13.30-13.37¼	13.36-13.37	2¼-3¼ore dis	−2.47	6½-7½ dis	−2.09
Ireland	1.1897-1.1940	1.1918-1.1928	0.45-0.61p dis	−5.33	1.35-1.54dis	−4.85
W. Ger.	3.70-3.72½	3.71½-3.72½	1¼-1¼pf pm	4.03	3¾-3¼ pm	3.70
Portugal	198.25-200.25	198.36-199.73	195-625c dis	−24.72	680-1730dis	−23.22
Spain	205.89-207.12	206.76-207.12	45-65c dis	−3.19	150-175 dis	−3.14
Italy	2,285½-2,300¼	2,292½-2,293½	7-10 lire dis	−4.45	26-31 dis	−4.97
Norway	10.74-10.78½	10.76½-10.77½	2½-3½ore dis	−3.55	8¼-9½ dis	−3.39
France	11.33¼-11.41½	11.38½-11.39½	⅞-1⅝c dis	−1.32	3¼-4¼ dis	−1.29
Sweden	10.58½-10.63¼	10.62-10.63	1½-2½ore dis	−2.12	5½-6 dis	−2.14
Japan	297⅛-299¼	297¾-298¾	0.83-0.73y pm	3.14	2.43-2.28 pm	3.16
Austria	25.98-26.11	26.08-26.11	4-2¾gro pm	1.47	12¾-9½ pm	1.70
Switz.	3.04½-3.08½	3.07½-3.08½	1½-1c pm	4.63	3⅜-3¼ pm	4.46

Belgian rate is for convertible francs. Financial franc 74.90-75.00. Six-month forward dollar 0.04c pm-0.01 dis, 12-month 0.35-0.50c dis

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2045-1.2165	1.2075-1.2085	0.08-0.05c pm	0.65	0.13-0.08 pm	0.35
Ireland†	1.0110-1.0175	1.0110-1.0120	0.52-0.48c pm	5.90	1.40-1.30 pm	5.31
Canada	1.3191-1.3222	1.3217-1.3222	0.18-0.21c dis	−1.77	0.45-0.50dis	−1.44
Nethlnd.	3.4390-3.4770	3.4755-3.4765	0.95-0.93c pm	3.26	2.86-2.83 pm	3.29
Belgium	61.40-62.00	61.80-61.90	9½-11c dis	−1.99	20-23 dis	−1.39
Denmark	11.01¼-11.06¼	11.05¾-11.06¼	2.17-2.92ore dis	−2.77	5.35-6.10dis	−2.08
W. Ger.	3.0475-3.0800	3.0780-3.0790	0.83-0.78pf pm	3.15	2.62-2.57 pm	3.38
Portugal	164-165½	164½-165½	175-525c dis	−25.53	500-1450dis	−23.71
Spain	169.80-171.15	170.10-170.30	45-55c dis	−3.51	135-155 dis	−3.40
Italy	1,886-1,901	1,896-1,897	8½-9 lire dis	−5.53	24-25 dis	−5.17
Norway	8.87¼-8.91¼	8.90¾-8.91¼	2.80-3.30ore dis	−4.12	8.15-8.65dis	−3.78
France	9.34-9.42½	9.41½-9.42¼	1.45-1.55c dis	−1.92	3.60-4.00dis	−1.62
Sweden	8.75½-8.79¼	8.78¾-8.79¼	1.90-2.40ore dis	−2.95	5.20-5.70dis	−2.49
Japan	245.90-246.85	246.70-246.80	0.54-0.50y pm	2.53	1.75-1.70 pm	2.80
Austria	21.42-21.64	21.59-21.62	1.80-0.90gro pm	0.75	8.50-6.50 pm	1.39
Switz.	2.5200-2.5460	2.5445-2.5455	0.87-0.81c pm	3.97	2.72-2.66 pm	4.24

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.00-62.10.

OTHER CURRENCIES

Dec. 5	£	$		£ Note Rates
Argentina Peso	182.09-182.59	150.74-150.86	Austria	26.00-26.30
Australia Dollar	1.4135-1.4155	1.1700-1.1710	Belgium	74.70-78.60
Brazil Cruzeiro	3,512.86-3,536.91	2,908-2,923	Denmark	13.30-13.43
Finland Markka	7.7061-7.7372	6.3780-6.3800	France	11.33-11.45
Greek Drachma	150.95-153.99	124.24-126.95	Germany	3.70-3.74
HongKong Dollar	9.4435-9.4535	7.8240-7.8270	Italy	2270-2310
Iran Rial	110.70*	93.25*	Japan	297-302
KuwaitDinar(KD)	0.35508-0.35556	0.30300-0.30328	Netherlands	4.17-4.21
Luxembourg Fr.	74.70-74.80	61.80-61.90	Norway	10.71-10.82
Malaysia Dollar	2.9075-2.9145	2.4090-2.4120	Portugal	197-210
New Zealand Dlr.	2.4755-2.4805	2.0490-2.0515	Spain	203-213
Saudi Arab Riyal	4.2915-4.2960	3.5616-3.5622	Sweden	10.57-10.67
Singapore Dollar	2.6100-2.6160	2.1635-2.1665	Switzerland	3.05-3.09
Sth African Rand	2.2126-2.2226	1.8350-1.8380	United States	1.20-1.22
U.A.E. Dirham	4.4250-4.4295	3.6720-3.6750	Yugoslavia	273-320

* Selling rates.

CURRENCY MOVEMENTS

Dec 5	Bank of England Index	Morgan Guarant'y Changes%
Sterling	74.7	−15.3
U.S. dollar	142.4	+25.5
Canadian dollar	90.0	−3.6
Austrian schilling	111.0	+3.6
Belgian franc	88.7	−10.8
Danish Kroner	76.5	−5.9
Deutsche mark	120.8	+6.2
Swiss franc	139.8	+9.2
Guilder	110.8	+2.9
French franc	63.9	−15.3
Lira	46.8	−14.0
Yen	156.5	+12.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 5	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.818652	0.601408
U.S. $	8½	0.993025	0.729208
Canadian $	10.75	*	0.962262
Austria Sch.	4½	21.3778	15.6855
Belgian Fr.	11	61.3094	44.9556
Danish Kr.	7	10.9392	8.02858
Dmark	4½	3.04293	2.23355
Guilder	5	3.43686	2.52051
French Fr.	9½	9.32202	6.84070
Lira	16½	1882.78	1380.39
Yen	5	244.483	179.640
Norwgn Kr.	8	8.81657	6.47536
Span'h Ptas.	½	169.348	124.403
Swedish K.	9	8.69542	6.38202
Swiss Fr.	4	2.51702	1.84869
Greek Dr'ch	20½	125.325	91.6614
Irish Punt	12¾	N/A	0.716877

*CS/SDR rate for December 3 1.30990.
* CS/SDR rate for December 4: 1.30846
† Correction: December 4 8.84946

EXCHANGE CROSS RATES

Dec. 5	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.208	3.720	298.3	11.39	3.080	4.203	2293.	1.599	74.75
U.S. Dollar	0.828	1.	3.079	246.8	9.430	2.545	3.475	1897.	1.324	61.85
Deutchemark	0.269	0.325	1.	80.17	3.062	0.828	1.130	616.4	0.430	20.09
Japanese Yen 1,000	3.353	4.050	12.47	1000.	38.19	10.33	14.09	7688.	5.363	250.6
French Franc 10	0.878	1.061	3.266	261.9	10.	2.704	3.690	2013.	1.404	65.63
Swiss Franc	0.325	0.392	1.208	96.83	3.698	1.	1.364	744.5	0.519	24.27
Dutch Guilder	0.238	0.287	0.885	70.97	2.710	0.733	1.	545.6	0.381	17.79
Italian Lira 1,000	0.436	0.527	1.622	130.1	4.967	1.343	1.833	1000.	0.698	32.60
Canadian Dollar	0.625	0.755	2.326	186.6	7.121	1.926	2.627	1434	1.	46.73
Belgian Franc 100	1.338	1.616	4.977	399.0	15.24	4.120	5.622	3068.	2.140	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	9¼-9½	8-9¼	10⅝-11⅛	5⅝-5¾	⅞-1⅛	5½-5⅝	10⅝-10⅞	14½-15½	10½-10½	10¾-10¾	6¼-6⁷⁄₁₆	11½-12
7 days' notice	9⅜-9½	8¹¹⁄₁₆-9¹³⁄₁₆	10⅞-11¹⁄₁₆	5⅝-5¾	1-1¼	5½-5⅝	10⅝-10⅞	14⅞-15⅞	10¼-10¾	10½-10¾	6⁵⁄₁₆-6⅜	11⅝-12⅛
Month	9⅝-9¾	8⅞-9	10⁹⁄₁₆-10⅝	5¹¹⁄₁₆-5¹³⁄₁₆	4¹³⁄₁₆-5¹⁄₁₆	5¹¹⁄₁₆-5¹³⁄₁₆	10¹¹⁄₁₆-10¹³⁄₁₆	14⅝-14⅞	10⅝-10⅞	10⅝-10⅞	6⁷⁄₁₆-6½	12-12½
Three months	9⅝-9¾	9⅛-9¼	10¹³⁄₁₆-10¾	5¹¹⁄₁₆-5¹³⁄₁₆	4⅞-5	5¹¹⁄₁₆-5¹³⁄₁₆	10¹³⁄₁₆-11¹⁄₁₆	14⅝-14⅞	10¼-10¾	10½-10¾	6⁵⁄₁₆-6⅜	11½-12
Six months	9¾-9⅞	9½-9⅝	10⁷⁄₁₆-10⅝	5¹³⁄₁₆-6¹⁄₁₆	4⅞-5	5¹³⁄₁₆-5¹⁵⁄₁₆	11⁷⁄₁₆-11¹¹⁄₁₆	14¾-15⅛	10¼-10¾	10½-10¾	6⁵⁄₁₆-6⅜	11⅜-11⅞
One year	10-10¹⁄₁₆	10⅛-10¼	10¹³⁄₁₆-10⅞	6¹⁄₁₆-6³⁄₁₆	4⅞-5	5¹⁵⁄₁₆-5¹⁵⁄₁₆	11¾-12	14⅞-15⅜	10⅝-11⅛	10⅝-10⅞	6⁷⁄₁₆-6⅝	11⅜-11⅞

Asian $ (closing rates in Singapore): Short-term 8¹³⁄₁₆-8¹⁵⁄₁₆ per cent; seven days 8⅞-9 per cent; one month 8¹⁵⁄₁₆-9¹⁄₁₆ per cent; three months 9¼-9⅜ per cent; six months 9½-9⅝ per cent; one year 10⅛-10¼ per cent. Long-term Eurodollars: two years 11-11¼ per cent; three years 11½-11¾ per cent; four years 11⅝-11⅞ per cent; five years 11⅞-12⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Rates ease on sterling's better trend

Interest rates were slightly easier in London yesterday, encouraged by sterling's early strength. However trading was generally rather quiet and uneventful.

Three-month interbank money eased to 9⅝-9¹¹⁄₁₆ per cent from 9¹¹⁄₁₆-9¹³⁄₁₆ per cent while three-month eligible bank bills were bid at 9⅛ per cent, unchanged from Tuesday. Overnight interbank money touched a high of around 9½ per cent before slipping away to finish at 6 per cent.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

The Bank forecast a shortage of around £600m initially but it was revised later to £450m and then to £350m. Total help amounted to £422m. Factors affecting the market included maturing assistance and a take up of Treasury bills together draining £542m and Exchequer transactions a further £955m. In addition banks brought forward balances £55m below target and there was a rise in the note circulation of £125m. These were partly offset by funds obtained through the latest gilt repurchase agreement totalling £1,090m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £121m and comprised purchases of £2m of eligible bank bills in band 1 (up to 14 days) at 9½ per cent and £47m in band 2 (15-33 days) at 9⅜ per cent. In band 3 (34-63 days) it bought £34m of eligible bank bills at 9¼ per cent and in band 4 (64-91 days) £38m at 9⅛ per cent. Further help in the morning totalled £226m and comprised purchases of £17m of eligible bank bills in band 1 at 9½ per cent, £133m in band 2 at 9⅜ per cent, £58m in band 3 at 9¼ per cent and £18m in band 4 at 9⅛ per cent.

In the afternoon it bought £25m of eligible bank bills in band 2 at 9⅜ per cent and also provided late assistance of around £50m.

MONEY RATES

Dec. 5	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.60	10¾	1⅝-1⅝	5½-5⅝	6.34375	16⅞-17¼	7.45	14½-14⅝
One month	5.90-6.00	10¹¹⁄₁₆-10¹³⁄₁₆	4¹³⁄₁₆-5¹⁄₁₆	5⅝-5¾	6.53125	16⅞-17¼	10⅝-10¹³⁄₁₆	14⅞-15⅛
Two months	5.80-5.90	10⅝-10¾	—	—	—	—	—	14⅞-15⅛
Three months	5.75-5.90	10⅝-10¾	4¹³⁄₁₆-5¹⁄₁₆	5¹¹⁄₁₆-5¹³⁄₁₆	6.34375	16⅞-17¼	10⅝-10¹³⁄₁₆	14⅞-15⅛
Six months	5.75-5.90	10½-10⅝	—	5¹³⁄₁₆-6¹⁄₁₆	—	—	10½-10⅝	14¾-15
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10¾	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Dec. 5 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-9½	9⅜-9½	9½-9⅝	6-9⅜	—	—	—	—	—
2 days notice	—	—	9⅛-9¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	9¼-9½	9¼-9⅜	9⅝	9¼-9½	—	—	—	—	—
One month	9⅝-9⁹⁄₁₆	9⅝-9¹¹⁄₁₆	9⅝	9¾-9⅞	9⅛	9⁵⁄₁₆	9¹¹⁄₁₆-9⅜	9⁵⁄₁₆	9¹¹⁄₁₆-9⅝	10¹⁄₁₆
Two months	9⅝-9¹¹⁄₁₆	9⅝-9¾	9⅝	9⅞	9⅝	9¼	9⁵⁄₁₆	9¼	9⁵⁄₁₆	9⅞
Three months	9¹¹⁄₁₆-9⅝	9⅝-9¹¹⁄₁₆	9⁹⁄₁₆	9⅞	9¼	9⅛	9³⁄₁₆	9⅛	9⅛-9³⁄₁₆	9¾
Six months	9¹¹⁄₁₆-9¹³⁄₁₆	9¹¹⁄₁₆-9⅞	9¾	—	—	—	—	9¼	9¼	9⅞
Nine months	9¹³⁄₁₆-9¹⁵⁄₁₆	9⅞-10	—	—	—	—	—	—	—	—
One year	9¹⁵⁄₁₆-9¹⁵⁄₁₆	10-10¹⁄₁₆	9¹³⁄₁₆	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10¼-9⅞	—	9¹¹⁄₁₆	8.75-8.85	8¹¹⁄₁₆-8¹³⁄₁₆	9¼-9⁵⁄₁₆
Two months	10⅛-9¾	—	9¹¹⁄₁₆	8.85-8.95	8¼-8⅜	9¼-9⁵⁄₁₆
Three months	10⅛-9¾	—	9¹¹⁄₁₆	8.95-9.05	8⅞-8¹¹⁄₁₆	9¼-9⁵⁄₁₆
Six months	10-9⅝	—	9¾	9.3-9.4	8-8⅝-8⅞	9⁵⁄₁₆-9⅝
Nine months	10¼-9⅞	—	9⅞	9.6-9.8	—	—
One year	10¼-9⅞	—	10	9.9-10.1	9-9¼	9¹¹⁄₁₆-9⅞
Two years	—	10⅝	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period November 7 to December 4 1984 (inclusive): 9.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from December 1 1984. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.0559 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 10 per cent; nine-12 months 10 per cent. Under £100,000 9½ per cent from November. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. December 5)
3 months U.S. dollars

bid 9 1/2	offer 9 5/8

6 months U.S. dollars

bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11¼-11½
Broker loan rate	9¾-10½
Fed funds	9⅛

Treasury Bills

Fed funds at intervention	9⅛
One month	7.15
Two month	8.05
Three month	8.45
Six month	8.57
One year	8.79

Treasury Bonds

Two year	100
Three year	100⅞
Four year	101⅝
Five year	99⅝
Seven year	104
10 year	100¾
30 year	102⅞

FINANCIAL FUTURES

Eurodollars firm

Euro-dollar prices were firmer in the London International Financial Futures Exchange yesterday, but finished below the day's best levels. A softer Federal funds rate had helped to encourage buying interest, but the extent of the rally was limited ahead of today's U.S. M1 money supply figures. These are expected to show a further rise compared with a surprise increase the previous week of $6.7bn. The March price opened at 90.23 up from 90.13 and reached a high of 90.28 before finishing at 90.18.

Gilt values drifted from a firmer start, having been influenced initially to some extent by sterling's better overall performance. However there appeared to be little overall trend either in futures or cash markets and prices drifted towards the close, probably accelerated to some extent by a down turn in U.S. bonds from a higher opening. The December gilt price opened at 110-10 up from 110-03 and touched a high of 110-13 before easing back to finish at 109-31.

Three-month sterling deposits were virtually unchanged in quiet trading.

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	72-10	72-16	72-05	72-01
March	71-17	71-24	71-13	71-08
June	70-29	71-01	70-26	—

Estimated volume 1,297 (8,757)
Previous day's open int 1,767 (1,712)

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.72	90.76	90.71	90.65
March	90.18	90.28	90.18	90.13
June	89.71	89.78	89.71	89.67
Sept	89.31	89.34	89.31	89.27
Dec	88.92	88.96	88.92	88.89

Estimated volume 3,836 (3,047)
Previous day's open int 11,225 (11,255)

THREE-MONTH STERLING £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.24	90.29	90.24	90.25
March	90.41	90.45	90.40	90.38
June	90.30	90.35	90.30	90.27
Sept	90.10	90.15	90.10	90.07
Dec	89.93	89.98	89.93	89.91

Estimated volume 1,036 (832)
Previous day's open int 6,075 (6,075)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-31	110-13	109-30	110-03
March	109-09	109-22	109-09	109-13
June	108-25	—	—	108-30
Sept	111-15	—	—	111-19

Estimated volume 2,252 (2,387)
Previous day's open int 3,263 (3,443)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −2 to 5 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.2055	1.2115	1.2113	1.2080
March	1.2047	1.2120	1.2047	1.2052
June	1.2065	—	—	1.2061

Estimated volume 11 (35)
Previous day's open int 5,645 (5,640)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3245	0.3257	0.3245	0.3257
March	0.3277	0.3300	0.3277	0.3287
June	—	—	—	0.3316

Estimated volume 23 (162)
Previous day's open int 280 (331)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.3933	—	—	0.3947
March	0.3977	—	—	0.3991
June	—	—	—	[illegible]

Estimated volume nil (nil)
Previous day's open int 514 (514)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4053	0.4056	0.4053	0.4031
March	0.4083	0.4091	0.4083	0.4061
June	—	—	—	[illegible]

Estimated volume 105 (1)
Previous day's open int 349 (349)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	117.60	118.30	117.20	117.50
March	117.95	118.10	117.40	118.05
June	118.30	—	—	118.40

Estimated volume 331 (254)
Previous day's open int 889 (888)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	72-11	72-15	72-05	72-02
March	71-19	71-24	71-17	71-11
June	70-31	71-03	70-28	70-23
Sept	70-14	70-16	70-12	70-06
Dec	69-31	70-00	69-30	69-23
March	[illegible]	[illegible]	[illegible]	[illegible]
June	69-06	69-07	69-06	68-30
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	68-18	68-20	68-18	68-10
March	68-08	68-11	68-08	68-01
June	—	—	—	67-25

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.60	91.62	91.59	91.59
March	91.26	91.35	91.32	91.29
June	90.88	90.92	90.88	90.85
Sept	90.53	90.55	90.53	90.48
Dec	90.20	90.20	—	90.14
March	89.89	89.89	—	89.83
June	89.61	89.61	89.61	89.56
Sept	89.34	89.34	—	89.29

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.05	91.09	91.04	91.05
March	90.57	90.64	90.57	90.55
June	90.09	90.15	90.09	90.06

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.69	90.74	90.69	90.66
March	90.18	90.25	90.18	90.14
June	89.70	89.77	89.70	89.66
Sept	89.30	89.36	89.30	89.26
Dec	88.93	88.98	88.93	88.89
March	88.60	88.62	88.60	88.55
June	88.30	88.32	88.30	88.24
Sept	88.01	88.02	88.00	87.95

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.2060	1.2135	1.2060	1.2105
March	1.2055	1.2130	1.2050	1.2095
June	1.2080	1.2130	1.2080	1.2115
Sept	—	—	—	1.2125
Dec	—	—	—	1.2140

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	69-07	69-07	69-07	69-07
March	68-12	68-14	68-12	68-07
June	67-24	67-24	67-24	67-19
Sept	—	—	—	67-03
Dec	—	—	—	66-21
March	66-28	66-28	66-28	[illegible]
June	66-06	66-07	66-06	[illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The *following are closing prices for December 5.*

U.S. DOLLAR STRAIGHTS | DEUTSCHE MARK STRAIGHTS | SWISS FRANC STRAIGHTS | YEN STRAIGHTS | OTHER STRAIGHTS | FLOATING RATE NOTES | CONVERTIBLE BONDS

Issue	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

* No information available–previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (‡† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 34

Stock		Sales (Hnds)	High	Low	Last	Chng
[illegible]						

CAPITAL MARKETS

Federal Home Loan in $200m targeted Eurodollar issue

BY MAGGIE URRY IN LONDON

ANOTHER targeted registered issue appeared in the Eurodollar market yesterday – this one for Federal Home Loan Banks. Lead-managed by Credit Suisse First Boston, the $200m issue was priced to yield 16 basis points more than comparable U.S. Treasury bonds, with a coupon of 11 per cent and issue price of 99¾.

Co-leads are Goldman Sachs, Morgan Guaranty and Salomon Brothers, and there will be a sub-underwriting group.

The issue came too late to trade actively, although some dealers were offering the bonds at 98, just inside the 1⅞ per cent fees.

Hammerson, the UK property group, chose a higher yield for its Eurobond debut. Kleinwort Benson priced its $100m five-year issue with a 12 per cent coupon and 99⅝ issue price. Co-lead is Swiss Bank Corporation International. The proceeds will be used to repay floating rate U.S. debt.

United Technologies is a better known name in the Eurobond market. After its recent successful sterling and Swiss franc deals it is coming for $150m through a seven-year, non-callable bond lead managed by Goldman Sachs. The coupon is 11⅛ per cent and issue price 99½. Bonds were changing hands around 98, inside the 1⅞ per cent fees.

Three more floating rate note issues were launched. The biggest and best came from National Commercial Bank of Saudi Arabia. The $200m issue – launched on the prophet's birthday – is of unsubordinated debt.

The 10-year bonds pay ⅛ per cent above the London interbank offered rate (Libor) for Eurodollar deposits, and front-end fees totalled 75 basis points. Investors have put options after five and seven years.

The issue, lead managed by Bank of America, was well received, trading around 99.45, compared with the par issue price.

With U.S. banks needing to improve their capital ratios before the year-end, a number of issues from them can be expected. Two banks, National Bank of Detroit and Republic New York Corporation, launched floaters yesterday. Republic's is for $150m, has a 25-year life and pays ¼ per cent over three-month Libor. Front-end fees are 86 basis points. Lead manager is Salomon Brothers, with three co-leads.

BHF Bank bond average		
Dec 5		Previous
103.042		102.860
High	1984	Low
103.042		98.065

The Detroit Bank's issue raises $100m, has a 12-year life and was lead managed by Morgan Stanley and Bank of Tokyo. It also pays ⅛ per cent over Libor and fees total 25 basis points. Both issues are of subordinated debt.

Syndication managers were amused yesterday by the case of the disappearing Sohio deal, now expected to be launched today.

Secondary market trading was again quiet with prices little changed although the undertone remains firm.

In the D-Mark bond market the launch of a DM 125m private placement from Gillette was the main talking point. The seven-year bond has a 7 per cent coupon and par issue price. Lead manager is BHF-Bank. The issue traded close to par.

Deutsche Bank was able to cut the coupon on the DM 120m bond with equity warrants issue for Fuji Electric, from an indicated 3¾ per cent to 3½ per cent. The trading level held at par.

Secondary D-Mark bond trading was quiet, although prices were slightly firmer where changed, supported by a buoyant domestic bond market.

Swiss franc bonds were also gainers, adding around ¼ point, although turnover remained low.

Avon Products launched a SwFr 130m public issue through UBS, with Goldman Sachs appearing in the syndicate, suggesting a swap. The 10-year issue has a 5¾ per cent coupon and par issue price.

Banca della Svizzera Italiana announced a SwFr 20m private placement for Tec Electronics. The convertible bonds have a 5¾-year life and the indicated coupon is 2¾ per cent.

The coupon for First Boston's SwFr 60m 10-year public issue was cut from 5¾ per cent to 5½ per cent by Credit Suisse. Issue price was set at 100¼.

Amro Bank priced the Euroguilder issue for Spain with an 8 per cent coupon and 99½ issue price. The bonds have an average life of eight years.

Quebec seeks improved terms on $1bn credit

BY PETER MONTAGNON IN LONDON

THE PROVINCE of Quebec is seeking better terms on a $1bn, ten-year credit arranged in the Euromarkets in 1980.

Under the renegotiation proposal the margin on credit is to be cut to ¼ per cent over London Eurodollar rates for the first two years, rising to ⅜ per cent for the remainder. The original margins were ⅜ per cent for the first four years rising to ½ per cent thereafter.

At the same time, the commitment fee on the credit, for which Bank of Nova Scotia is acting as agent, will be cut to ⅛ per cent from ¼ per cent. Banks will receive a flat renegotiation fee of five basis points.

The new terms have met a generally favourable response from banks in the existing syndicate. Although some, mainly European, institutions have dropped out, the shortfall has been made up by other lenders and the renegotiation is expected to be signed next Thursday.

● Citicorp and Mitsubishi Bank have joined the lead management group of the $500m credit being sought by Algeria.

The group, which is co-ordinated by Arab Banking Corporation and Gulf International Bank, is now seeking other lead managers willing to underwrite approximately $20m, for an underwriting fee of 10 basis points plus a 40 point fee on any amount actually subscribed.

Amid signs that the credit has been well received in the market, banks are also being sought to subscribe $12.5m each for a front-end fee of 40 basis points.

West Germany lowers standing bond yields

THE WEST German Finance Ministry is lowering the yield on standing bond issues, which are permanently on offer, with effect from today in line with the recent market trend, Reuter reports from Bonn.

It will replace a series of 7 per cent coupon *Bundesobligationen* savings bonds yielding 6.90 per cent by a new series with a 6.75 per cent coupon and yielding 6.82 per cent. The series falls due in 1989.

The ministry will also replace two series of *Bundesschatzbrief* savings bonds. The yield on the new A series, which has a six-year maturity, will fall to 6.77 per cent from 7.13 on the old series.

The *Bundesschatzbrief* B series yield, falling due in seven years, will drop to 7.03 from 7.42 per cent.

Finanzierungsschätze financing note yields will also be cut. The yield on one-year paper will fall to 5.25 per cent from 5.35 and on two-year issues to 6.15 per cent from 6.30.